



JPRS Report

China

DISTRIBUTION STATEMENT A
Approved for public release;
Distribution Unlimited

19980203 129

DTIC QUALITY INSPECTED 2

China

JPRS-CAR-91-074

CONTENTS

31 December 1991

INTERNATIONAL

GENERAL

- On Selection of UN Secretary General [SHIJIE ZHISHI No 1086] 1

UNITED STATES

- Potential for U.S. 'New World Order' Discussed [GUOJI ZHANWANG No 184] 1
Analysis of U.S. Role in Middle East [XIANDAI GUOJI GUANXI No 3] 5

NORTHEAST ASIA

- Japan's Strategy To Become World Power 10
Seeking To Expand UN Role [GUOJI WENTI YANJIU No 42] 10
Bilateral Relations Detailed [XIANDAI GUOJI GUANXI No 3] 15

POLITICAL

- Dangers of, Countermeasures for Peaceful Evolution [ZHIBU SHENGHUO No 8] 18
Zhu Rongji, 'Production Office' Members Profiled [Hong Kong CHAO-LIU No 8] 22
Shanghai Dissident Zhang Weiguo Letter [Hong Kong PAI HSING No 246] 25

ECONOMIC

NATIONAL AFFAIRS, POLICY

- Economic Reforms Move Forward [TIGAI XINXI No 17] 32

PROVINCIAL

- Shaanxi Explores Ways To Overcome Poverty [SHAANXI RIBAO 21, 23, 25 Oct] 35
Governor Inspects Southern Prefectures 35
National Conference Lauds Baihe County 37
Report on Baihe County 38
Provincial Agriculture Service Network 39
Economic Development Zone in Weinan 40
Jiangsu Province Stresses Export-Oriented Economy [XINHUA] 40

INDUSTRY

- Article Analyzes Jilin's Industry [JILIN RIBAO 9 Sep] 41

COMMERCE

- Reforms Helping Commerce To Develop in Xinjiang [XINHUA] 45

POPULATION

- Rural Population Problems, Measures [ZHONGGUO RENKOU BAO 7 Oct] 45

AGRICULTURE

Mechanization Helps Animal Husbandry [XINHUA]	48
Shandong Overfulfills Cotton Purchasing Quota [Jinan Radio]	48
Henan Province Purchases More Cotton [XINHUA]	48
Shaanxi Sets Up Agricultural Science Pilot Sites [XINHUA]	48

SOCIAL

First Magazine on Legal System To Be Published [XINHUA]	49
---	----

REGIONAL

NORTH REGION

Hebei Sends Cadres To Conduct Education [HEBEI RIBAO 18 Oct]	50
Hebei Deputy Secretary on Rural Situation [GUANGMING RIBAO 21 Oct]	50

NORTHWEST REGION

Shaanxi Province Closes Inspection Stations [SHAANXI RIBAO 13 Oct]	53
Shaanxi Meeting on Appraisal of Judicial Work [Xian Radio]	54
Shaanxi Sets Annual Science, Technology Month [Xian Radio]	54
Supervision of Mining Industry Urged [XINJIANG RIBAO 12 Oct]	55
Minister of Chemical Industry on Xinjiang [XINJIANG RIBAO 12 Oct]	57
Xinjiang Construction Corps Holds Meeting [XINJIANG RIBAO 1 Oct]	58
Party Journals, Party Papers 'Important Work' [XINJIANG RIBAO 2 Oct]	59
Regulation Encourages Urban Personnel To Relocate [XINJIANG RIBAO 15 Oct]	60
Janabil Emphasizes Opposing 'Peaceful Evolution' [XINJIANG RIBAO 10 Oct]	61
Xinjiang Academy's Antiseparatist Efforts [XINJIANG RIBAO 4 Oct]	62
Janabil on Party Schools' Aims in 'New Situation' [XINJIANG RIBAO 17 Oct]	63
Yining Develops Politically Correct Mosques [XINJIANG RIBAO 17 Oct]	64
Regional Inspection Commission on Economy, Law [XINJIANG RIBAO 1 Oct]	64
Shaanxi Schools Stress Technical Education [SHAANXI RIBAO 20, 21 Oct]	68
Ankang Prefecture Offers Training	68
Langao County School Reforms	68

TAIWAN

KMT-Run Businesses Hurt Development [TZULI CHOUPAO No 122]	71
--	----

GENERAL

On Selection of UN Secretary General

92P30025A Beijing SHIJIE ZHISHI [WORLD AFFAIRS] in Chinese No 1086, 1 Sep 91 pp 6-7

[Article by Yang Mingjie (2799 2494 2638): "The 46th UN General Assembly Will Discuss Several Issues"]

[Excerpt][passage omitted] A. The Issue of Selecting the Next UN Secretary General

The term of the current UN Secretary General Perez de Cuellar will be up at the end of this year. According to the usual practice, only after the general debate at the 46th session is over will they begin the selection of the next secretary general. However, contention for the position started early on. Provision 97 of the UN Charter stipulates that the secretary general shall be appointed by the General Assembly upon the recommendation of the Security Council. During the cold war era, unanimous selection of the secretary general by the Perm-5 [the five permanent members of the Security Council] was rather difficult. Since the cold war, the East-West political overtones of selecting the secretary general have disappeared. There is greater room for selection, but the competition is more fierce and animated.

All the African nations strongly believe that "it is Africa's turn" to hold the position of secretary general because in the 46 years since the UN was established there has never been an African in this position. The African nations have nominated eight candidates. They are former Nigerian President Olusegun Obasanjo; Uganda's former ambassador to the UN and current Director of the International Peace Institute (Aotongnu); Zimbabwe's Finance Minister Bernard Chidzero; the current secretary general of the Organization of African Unity, Salim Ahmed Salim of Tanzania; the current secretary general of the UN Conference on Trade and Development; and Dadzie [as published], Ghana's secretary for internal affairs; Nigeria's former ambassador to the UN and chairman of the 44th UNGA (United Nations General Assembly); Jonah of Sierra Leone, current UN under secretary general for special administrative matters [as published; correct title—Under Secretary General for Special Political Questions, Regional Cooperation, Decolonization, and Trusteeship]. Of these, the first four hold similar views and it will be easier for them to win recognition outside of Africa. To date, however, there is still no consensus among the African countries on the candidates.

The Western countries are generally against having an African as secretary general; they favor a candidate from Europe. Their main candidates are Mrs. Brundtland, Norway's prime minister, and Bettino Craxi, Italy's former prime minister and current advisor to the secretary general on security questions. If the position does not go to a European, the West's primary candidates are: (Ajia Han) who holds several citizenships and is currently a high-ranking UN official; Indonesia's Foreign Minister Ali Alatas; and Koh Thong Bee, Singapore's ambassador to the U.S. and chairman of the preparatory committee for the

UN Conference on Environment and Development. In response to the louder daily cries of the Africans, the West recently nominated the former Egyptian Foreign Minister Majid, who must be the ultimate choice among all the African candidates.

There are others who are in favor of selecting the next secretary general from among the world's famous politicians, including the Soviet Union's former Foreign Minister Shevardnadze, England's former Prime Minister Mrs. Thatcher, former West German Chancellor Schmidt, etc. In addition, even though Perez de Cuellar has said several times that he does not wish to run again, he has not yet made a formal announcement. Moreover, some Western nations are trying to persuade him to continue for another year or two or to run again. So Perez de Cuellar is still an important candidate. [passage omitted]

UNITED STATES

Potential for U.S. 'New World Order' Discussed

92CM0014A Shanghai GUOJI ZHANWANG [WORLD OUTLOOK] in Chinese No 184, 8 Aug 91 pp 3-5

[Article by Wang Ling (3769 3781): "An Initial Study of the United States' 'New World Order' and the Future 'New International Order'"]

[Text] The establishment of a "new international order" has become a subject which is much talked about and followed with interest by people all over the world today. The subject is brought up by the objective need of the developing international situation. With the ending of the cold war and the breaking of the pattern of U.S.-Soviet polarization, the world has entered a period where the old pattern is being replaced by a new one. All countries are trying to figure out which way the world is actually going and readjusting their strategies according to the changed situation. In order to place themselves in a more advantageous position in the 21st century, many countries are advancing ideas and proposals on the establishment of a "new world order."

I.

After the eruption of the Gulf crisis last year, U.S. President Bush called for efforts to seize the opportunity and establish a "new world order." Since then, Bush and other American political leaders have repeatedly expressed their views and ideas on a "new world order." But, so far, the U.S. Government has not come up with a concrete blueprint for its "new world order." Nevertheless, from the readjustment of its global strategy and the trend of its foreign policy, the basic idea and general outline of the U.S. plan have already become clear. The purpose of the United States' establishment of a "new world order" is to take full advantage of its dominant position, as the pattern of U.S.-Soviet polarization is rapidly crumbling in the new situation, to formulate a basic plan to achieve its new strategic goals, with the United States playing the leading role and the Western alliance as the mainstay. The main points of the plan are as follows:

- The United States will be at the center of the world chessboard and play the leading role.
- It will strengthen relations with its partners and rely on the Western alliance as its mainstay.
- Attention will be paid to cooperation with the Soviet Union and coordination with other international forces.
- Efforts will be made to promote "democracy," "freedom," "human rights," and "rule by law" in the whole world according to the Western concept of values.

To achieve the U.S.-conceived "new world order," the United States is trying to set up a new international mechanism.

A. Strategically to bring all forces into the framework of the "new world order" built by the United States.

While winning the Gulf war, the United States also recognizes that its leading role today is no longer what it used to be during the heyday of its power after World War II. Therefore, while emphasizing its "leading role," it tries to avoid going it alone and lays stress on "sharing responsibilities together" and "winning support from the international community" in order to carry out U.S. leadership through coordination. For this reason, the Bush administration is trying to do the following: 1. Readjust relations with allies. Politically the demand of allies to share power is being satisfied to a suitable extent. Economically efforts are being made to reach a compromise through coordination. At the NATO summit meeting in December 1990, Bush put forward the "new Atlantic doctrine," of which a very important part is to recognize the equal status of the European allies in the alliance in exchange for their support. 2. Reach out to the Soviet Union and set up a U.S.-Soviet cooperation mechanism. The United States believes that winning the Soviet Union's cooperation on global and regional issues is "absolutely necessary for maintaining world peace and security after the end of the cold war." In dealing with the Gulf crisis, despite its alliance with Iraq, the Soviet Union joined the United States in condemning Iraqi aggression and voted for the U.S. proposal at the UN Security Council, which were prerequisite for the United States to boldly take military actions. Therefore, even though the United States is skeptical about the Soviet Union's domestic political reform, and U.S.-Soviet relations have shown some "retrogression," the Bush administration still indicates clearly that its policy toward the Soviet Union is "first of all to continue the effort to establish a cooperative relationship with the Soviet Union" and "continue to support the Soviet Union's domestic reform aimed at achieving political and economic freedoms." In dealing with U.S.-Soviet relations, the United States gives proper consideration to the interests of the Soviet Union and the difficult position of Gorbachev and avoids forcing the Soviet Union into a corner. 3. Continue to seek cooperation with China. The Bush administration is applying pressures on China and interfering in China's internal affairs. On the other hand, it also calls for unconditional extension of the most-favored-nation status to China, stressing that as a country with one-fifth of the world population, "China can easily

affect the stability in the Asian-Pacific region, which will, in turn, affect world peace and security." "China voted against Iraq's brutal aggression at the UN Security Council, which contributed to the formation of an extensive alliance and enabled us to win victory in the Gulf." The Bush administration emphasized that isolating China is not in the interest of the United States. 4. Toward the developing countries, the United States brandishes a carrot as well as a big stick to make as many of them as possible to follow it. In the Gulf war, which was called "a test to the new world order," the United States had more than one half of the Arab countries on its side, which shows the importance it attaches to mobilizing the forces of the international community, and from which we can see more or less the path of future U.S. actions.

B. To achieve a balance of power in the world as a whole and in each region and to bring about a new world order through the establishment of new regional orders.

Globally the Bush administration continues to seek a balance among the big powers. In Western Europe, the United States is trying to maintain a special relationship with Britain, while keeping France happy and Germany in line. In Asia, the United States will strive to safeguard its alliance with Japan. It will coordinate the interests and actions of all the countries in the alliance, sharing responsibilities for the common cause and jointly maintain security for the entire world. On the other hand, it will strengthen control over its allies, especially to prevent Germany and Japan from developing quickly into opponents against U.S. global interests. First of all, the United States has already achieved stability and security in Europe through cooperation with the Soviet Union, consultations with its allies, and utilization of the Conference on Security and Cooperation in Europe and other organizations. Since the Gulf war, the United States has turned its focus of attention to the Middle East. In a short month or two, Baker made many trips to the Middle East in an effort to bring about a Middle East peace conference and, relying on Egypt, Syria, and the six-state Gulf Cooperation Council, establish a new order in the Middle East.

C. Backed by military strength and through the U.S. military presence in various parts of the world, to insure regional stability and establish a new "collective security system."

The Gulf war has shown that in the new situation military strength remains the indispensable major means for the United States to achieve its "new world order." For this reason, the United States has since the Gulf war readjusted its defense strategy. The new strategy stresses the shift from dealing mainly with the global threat of the Soviet Union in the past to laying particular emphasis on dealing with unexpected major regional incidents which threaten U.S. interests.

D. To make serious use of the United Nations and other international organizations to serve the U.S. "new world order."

During the Gulf crisis, the United States, taking advantage of many countries' opposition to Iraq's annexation of

Kuwait, pushed the UN Security Council into adopting more than 10 resolutions in succession, including sanctions against Iraq and authorization of the use of force, and organizing an anti-Iraq alliance. These were unanimous actions unprecedented in the history of the United Nations. The U.S. media cheered, "The Gulf crisis marks the revival of the United Nations," and it is possible that the United Nations will from now on "realize the ideal of its founders and play its role in safeguarding world peace and security." The United States is likely from now on to attach even greater importance to the role of the United Nations. It may not always copy the "Gulf experience," however, but will base its decisions on the actual conditions. If working through the United Nations will enhance its moral strength, give "legality" to its actions, and demonstrate its "leading position," the United States will use the United Nations. Conversely, if the United Nations restricts its actions, the United States will by-pass the United Nations and have its own way.

In short, how much of the U.S.-advocated "new world order" can be realized in the last decade of the century remains to be seen, but in a world in which economic strength and competition are playing a major role, the United States is faced with a great deal of difficulties and challenges.

First of all, its strength is insufficient. The gap between its goals and its ability is a major difficulty of the United States in pursuing its "new order."

Among the world's countries, the United States is the only superpower. The relative decline of the United States' economic strength is undeniable, however, and it is unlikely that this trend of relative decline can be reversed in the 1990's. The remaining influence of the Gulf victory may partially conceal the United States' economic weakness, but none of the country's long-standing domestic problems, such as high consumption, low accumulation, heavy indebtedness, falling education quality, etc., has been solved. Internationally, comparing the economic growth of the United States with Germany and Japan, the latter is on the rise, and the former is on the decline. For one thing, the U.S. economic growth rate is lower than that of Germany and Japan. Take 1989 and 1990 for example, Germany's economic growth rate was 3.8 percent and 4.2 percent, respectively; Japan, 4.7 percent and 6.1 percent; and the United States, only 2.5 percent and 1 percent. At present, the ratio between the GNP of the United States, the EC, and Japan is 5:5:3 (or more than \$5.1 trillion, more than \$5.6 trillion, and more than \$3 trillion). It is estimated that the relative economic growth rates of the United States, Europe, and Japan in the 1990's will be 3:4:5, and that barring the unexpected, the economic strength of the United States, Europe, and Japan will gradually even up by early next century. To be sure, given its strong economic foundation and abundant resources, the United States will retain a dominant position. The problem is, the slower economic growth rate of the United States as compared with Germany and Japan will mean a decreasing U.S. share and growing German and Japanese shares of the world economy, which will directly affect the

international economic position of the United States. For another thing, the United States has suffered setbacks in its competitiveness in the world market. In recent years, the international and domestic market shares of U.S. products have dropped continuously. The decline is not only manifest in traditional manufactured goods, but even high-tech products, which have given the United States an edge in the past, have shown signs of decline. According to a June 1990 report of the U.S. Commerce Department, "In the field of high-tech products, the United States continues to lead on only four items, has fallen behind Japan on five items, and is close to Japan on three items." This shows that the United States is losing its position as the world's leader in science and technology. Owing to the decline of its international competitiveness and the huge trade deficit, the United States has fallen from the largest creditor nation to the largest debtor nation. In the early postwar period, the United States was without equal in economic power. By the time of the Nixon administration, the United States still provided money and guns for local peoples to fight local peoples. But in the Gulf war, it was actually Japan, Germany, Kuwait, and Saudi Arabia that provided the money, while the United States provided the manpower and weapons. This fully shows that today the United States' economy can hardly support its position as a great military power. Unless this situation can be reversed, Bush obviously lacks strong backing in his attempt to establish a new world order led solely by the United States.

Secondly, with the growing trend of multipolarization of the world, the U.S. "new world order" will be subjected to checks and influences from many sides, making it hard to operate.

Within the Western alliance, Britain, France, Germany, Japan, and other countries are cooperators with the United States on its "new world order," and at the time they are also the United States' strong competitors. On such basic issues as safeguarding the stability of the capitalist system, protecting the common strategic interests of the West, and using the Western concept of values to transform the world, they are unified. But, because of major changes in the balance of forces, Europe and Japan, while recognizing the status of the United States as a superpower, oppose U.S. "domination of the whole world." They call for the establishment of a three-pole world controlled jointly by the United States, Europe, and Japan. Western Europe and Japan have stressed that the future new world order should be "jointly managed" and "compositely led" by the West, and that a new "coordination system" adapted to the balance of forces of the West should be established. President Mitterand said without mincing words, "A new world order cannot impose U.S.-controlled peace on others." British Foreign Secretary Hurd also said, "No one can declare that one country may decide everything. Peace, whether controlled by the United States or by the Atlantic, is unrealistic." Japan's Prime Minister Kaifu, in his letter to President Bush on 9 January last year, said, "Japan stands for the establishment of a three-pole world formed by Japan, the United States, and Europe." It seems that

both Europe and Japan are trying to establish an international order to their own advantage. Western Europe is firmly opposed to the U.S. proposal to expand the role and operating area of NATO, especially the attempt to allow NATO to have a hand in Europe's economic affairs. Moreover, the European Community, while actively developing an integrated great European market, is also stepping up the integration process in foreign affairs and defense. The purpose is to enable Western Europe to gradually reduce U.S. influence economically as well as politically and militarily, and to establish a new European order dominated by the EC. Kissinger pointed out sharply, "On the establishment of a 'new international order,' now being discussed in various countries, the conflict of interests is obvious." Therefore, it is certainly no easy task for the United States to bring its allies into line. Although at present Europe and Japan still cannot stand up to the United States as equals, as their economic strength continues to grow, they will inevitably become a serious challenge to U.S. hegemony.

The U.S. "new order" will also be resisted by the Soviet Union. At present, the Soviet Union is in an all-round crisis and turmoil, with a sinking economy and sharply declining national strength, and it is no longer in a position to contend with the United States for global hegemony. But, the Soviet Union is still a huge country and great military power with global influence. It still has abundant resources, a solid industrial foundation, and an enormous scientific and technological force. It will not admit defeat for long, nor will it completely give up its interest and influence in the Third World. Since the Gulf war, the United States has attempted to play the sole dominating role in arranging the postwar Middle East order and establish a new Middle East order under U.S. leadership. But, the Soviet Union has declared, "Whether Saddam is in power or not, the Soviet-Iraqi friendship treaty will remain valid." It is trying to preserve its influence there and continue to play a role in the Middle East. The difference between the United States and the Soviet Union in arranging the postwar new Middle East order reflects the weakness of the relationship between the two countries and the diametrically different strategic interests of the two sides. The Soviet Union calls for establishing a multipolar world, in which it will have a say. Moreover, to promote its "new world order," the United States will depend to a very large extent on the Soviet Union's future course, which is the greatest uncertain factor in the world situation today. If the Soviet Union does not disintegrate, and its political situation gradually stabilizes, its competition and friction with the United States are likely to increase.

China has always opposed hegemonism. From now on, China and the Soviet Union will speak more of the same language on the question of the U.S. "new world order," which will become a restraining factor on the United States.

II.

What, then, is the most realistic kind of "new world order" to be expected for the future? Because the international

situation is complicated and changeable, and there are still many uncertain factors, it is very difficult for us to forecast the future new international order. Judging by the relative strength of the major powers in the world today and the strategic intentions of each of them, however, the writer thinks that a pluralistic structure with "one superpower and many other powers" is more probable. Such a structure will not only remove the possibility of the United States alone dominating the world, but also refute the argument for a "U.S.-Europe-Japan" or "U.S.-Germany-Japan" three-pole system or for a "joint U.S.-Japan hegemony" or "Western rich countries' club" to handle the affairs of the world. A pluralistic structure with "one superpower and many other powers" means: The United States will be the only superpower in the new order and will continue to hold a dominant position in the foreseeable 1990's. The United States is already relatively weakened and can no longer dominate the world alone to the exclusion of others, however. The position of the "one superpower" does not mean that the United States can act arbitrarily and is not subject to the influence and restriction by other powers. On the contrary, the United States must pay even greater attention to readjusting its relations with other countries, if it is to play a leading and organizing role in international affairs. This leading role does not mean a situation in which the United States is in control and other countries are subordinate to it, much less a "one-pole world" under U.S. leadership. Rather it is a multipolar era, in which many powers stand together, and the major forces of the world cooperate and coexist in economic competition, depend on each other, and jointly manage world affairs. In this kind of order, the forces of the various "poles" are not completely equal. The United States' combined national strength and economic development potential will still be greater than the other "poles." The reason is: although the United States is already faced with strong challenges and experiencing numerous problems, judging from a realistic viewpoint—if a country's combined national strength includes not only "hard strengths" such as resources, the economy, science and technology, and military forces, but also "soft strengths" such as political stability, the quality of the people, educational standard, and social cohesiveness—the United States remains the "all-round champion," at least in the 1990's. And, for a short period, the favorable factors for the Bush administration to push its "new world order" will continue to grow. First, the result of the Gulf war has made the allies to generally recognize that the United States' military superiority and its leading capacity in world affairs are irreplaceable for many years to come. Japan and Germany remain economic "single-event champions," and their political status and international influence can in no way compare with the United States. Second, the Soviet Union can hardly extricate itself from its predicament in a short period and cannot possibly effectively oppose the U.S. "new world order." On the contrary, in exchange for economic benefits, it may go along with the United States politically. This means the United States can still to a certain extent obtain Soviet "cooperation" to push its "new world order." Third, although the developing countries do not like the U.S. "new world order," they are

limited in strength and disunited, and the most they can do is to express some critical opinions. It is unlikely that they can take any effective opposing actions. Fourth, the United States still has a fairly strong capacity for self-adjustment and meeting an emergency. Since the Gulf war, Bush has stressed, "The most important task is to restart the United States' own economy." It seems that from now on the United States will turn its attention to the domestic economy, step up the development and application of high-tech, and strive to reverse the declining tendency. Even so, it will be impossible for the United States to become the only dominating power in the future new international order, and the trend of the development of a multipolar world will continue. The major bases for this view are: 1. The realities of the international political and economic situation will no longer permit any country to become an overlord of the world. The meaning of this is two-fold. First, the decline of the Soviet Union does not mean that the United States can claim hegemony. On the contrary, the collapse of the pattern of U.S.-Soviet polarization shows exactly the fact that the era of the two superpowers contending for hegemony has come to an end. At present, and in the foreseeable future, no country can replace the United States and become the world's new overlord. So the world is bound to become multipolar economically and politically. Second, economics will be the decisive factor in the future new order. The struggle to establish a new international order is actually a contest of combined national strength centering on economics and high-tech. This great contest will determine the position and influence of various countries in the new order. Now the world has already become multipolar economically. Besides the three poles of the United States, Europe, and Japan, other major countries will also seize the great present opportunity to quickly build up their own economic strength. The United States is only a stronger pole among many other economic poles, and in the future it can only share power with other international forces in world affairs. Therefore, the world is also bound to become multipolar politically. 2. Because the relationship between different countries is becoming increasingly close, the trend of multipolarization has become historically inevitable. In today's world, science and technology are advancing by leaps and bounds. The development of modern science and technology has brought the world into one integral whole, and the mutual relations and economic interdependence among the world's countries are becoming stronger and stronger. The growing number of international economic groups and the trend of regionalization have also made it necessary for countries to solve international economic problems through mutual consultations. At the same time, mankind is also faced with a series of global issues such as the protection of the ecological environment, rational exploitation of common resources, anti-terrorism, etc., which need joint solutions, and it is necessary to strengthen international coordination and cooperation and common development.

Analysis of U.S. Role in Middle East

92P30020 Beijing XIANDAI GUOJI GUANXI
in Chinese No 3, 31 Aug 91 pp 15-20, 37

[Article by Zhang Chaoyi (1728 2600 5669) and Gao Bo (7559 0590): "U.S. Plan for a 'New Order in the Middle East'"]

[Text] Not long after the end of the Gulf war, the United States proposed a four-point plan to establish a "new order in the Middle East": establish a regional security system, carry out arms control in the Middle East, implement peace in the Middle East, and promote economic development. The appearance of this plan indicates that the United States plans to use the prestige remaining from defeating Iraq to convert military victory into political initiative by establishing "U.S.-style peace" in the Middle East and to use this as a basis for promoting U.S. global strategy.

I. The Background and Intentions for Carrying This Out

The U.S. proposal of the plan for "a new order in the Middle East" has the following background and aims:

A. The Strategic Emphasis Has Changed From Dealing With "the Communist Threat" to Dealing With "Regional Threats."

Since the end of the U.S.-Soviet cold war, the U.S. Government believes that after a more than 40 year trial of strength, the Soviet Union is declining, the Warsaw Pact has dissolved, "socialism has been defeated," "the communist threat will never again exist," and the United States has already become the world's only superpower. The strategy of "containment" implemented during the cold war is no longer in step with the current situation. Due to the easing of East-West confrontation, the rise of Third World sovereignty, racial and religious problems, and regional hegemonism have become increasingly major obstacles to the U.S. global strategy. Therefore, under the new pattern, at the same time that the emphasis of U.S. global strategy is to continue to pay attention to Soviet military strength, it is also changing to dealing with "regional threats." On 2 August last year, the day Iraq invaded Kuwait, U.S. President Bush, proposing the establishment of a defense strategy for the post-cold war new order, announced that the focus of this new strategy would be "emphasizing regional threats." The defense report made by Secretary of Defense Cheney this March added to this. He said that the focus of this strategy has changed from "dealing with the global challenge of the Soviet Union" to "flexibly and selectively using military force to deal with regional threats"; the Middle East, Europe, East Asia, and Central and South America are "the major regions that might have conflicts."

B. Use the Gulf Crisis To Demonstrate Power, Make the Middle East the Testing Ground for New U.S. Strategy.

The Middle East is very important strategically. The Middle East is the transportation hub for Europe, Asia, and Africa, has rich oil resources, and has been the site of U.S.-Soviet struggles for a long time. Since the end of the cold war, the Soviet Union has drawn back and the United States wants to increase its influence. The Gulf crisis provided an opportunity for the United States to further increase its influence in the Middle East. The United States seized on Iraq's invasion of Kuwait, used international support, sent troops to the Gulf, and hoped that by

severely punishing Saddam, it would demonstrate its superior strength and use the Middle East as a testing ground for U.S.-style global strategy. And, using the new order in the Middle East as a pattern, it could universally establish a post-cold war security system and establish U.S. leadership within it. On 29 January of this year, Bush said in his State of the Union address that the United States did not send troops to the Gulf just to "liberate" Kuwait, but also to "realize a long-term hope for a new world order."

C. Control Gulf Oil, Guarantee U.S. Energy Security, Check Competition From West Europe and Japan.

The Middle East not only has strategic importance militarily, it is the economic lifeline of the United States and Western countries. According to the latest statistics, Gulf oil reserves represent 68.4 percent of verified world reserves. In 1989 the United States imported 24 percent of its oil from the Gulf; it is estimated that by the year 2000 that will be 60 percent. Therefore, "protecting the security of the oil supply is protecting the security of the United States" (quote from Bush). In addition, West European and Japanese dependence on Gulf oil is much greater than U.S. dependence. Currently 52 percent of West Europe's oil needs and 64.6 percent of Japan's come from this area. After the cold war, the arms race has given way to economic competition. Another strategic intention that the United States is actively working for in the new order in the Middle East is controlling Gulf oil reserves in order to put itself in the most advantageous position in the economic competition and guarantee a leading position for the United States in the post-cold war new order.

II. The Substance and Special Points

Establishing a "new order in the Middle East" is an important ingredient of U.S. global strategy. During the Gulf war, the United States started scheming and immediately after the war proposed a comprehensive plan. The substance of it includes:

A. Build a Regional Security Structure. The United States advocates establishing a "regional system to guarantee security" backed by U.S. naval and air forces and mainly comprising Egypt, Syria, and the six Gulf countries. Its main intentions are to use the U.S. military presence as a deterrent, to keep Iraq from making a comeback, to contain the threat from the regional powers, and to guarantee U.S. and Western oil benefits. Thus, after the Gulf war, the United States has been forcing Iraq to accept strict cease-fire conditions and has been actively making regional security arrangements while destroying Iraq's nuclear, chemical, and biological weapons. In early May of this year, Cheney took a "united security movement plan" with him when he visited the six Gulf countries. This plan emphasized U.S. support of the peace-keeping forces organized by the countries in the region and underscored that they should work with the U.S. naval and air forces to protect Gulf security. However, the United States does not plan to station ground forces in the Gulf over the long term. According to the report, the United States is in the Gulf: 1) To strengthen military cooperation with the Gulf countries, to help them train troops, and take turns

sending soldiers to participate in joint maneuvers. 2) To store arms. It plans to maintain a heavy armor division of weapons and equipment in the Gulf for possible new crises. 3) To establish a small central command. It wants to permanently station 100 officers in the Gulf in order to establish a forward command post subordinate to the U.S. military central command to "be responsible for planning military exercises." 4) To maintain a "large" naval and air force. It plans to station a fleet of aircraft carriers larger than before the war and to request an increase in the number of Gulf countries that the fleet can visit and in the number of air bases it can use.

B. Begin To Resolve Arab-Israeli Issue. The United States advocates holding Middle East peace talks based on UN Security Council Resolutions 242 and 338 and using "dual track" negotiations, in which the Arab states and Israel holding direct talks and the Palestinians and Israel hold direct talks, to resolve the Arab-Israeli issue. Bush admitted that if there is to be peace and stability in the Middle East, it is necessary to dispel Arab-Israeli dissension and conflicts. If the Arab-Israeli problem is not resolved then a "new order" cannot be established in the Middle East. Thus, since the Gulf cease-fire U.S. Secretary of State Baker has made four successive trips to the Middle East to propose a plan for holding Middle East peace talks. This included: 1) Peace talks jointly sponsored by the United States and the Soviet Union with Egypt, Syria, Jordan, Palestine, and Israel attending. 2) After the peace talks begin, have two stages of negotiations. The first stage would be "dual track" negotiations, direct talks between the Arab countries and Israel and between Palestinians and Israel respectively. The second stage would be discussion of water resources, arms control, environmental protection, and other issues, which Saudi Arabia and the other Gulf countries, as interested parties, would participate in.

C. Strengthen Arms Control. On 29 May of this year, in a speech at the Air Force Academy in Colorado Springs, Bush made a proposal concerning arms control. Its main points were: 1) Call for an immediate meeting of the Security Council Perm-5 [the five permanent members of the Security Council] limiting the transfer of conventional weapons, weapons of mass destruction and related technology, and surface-to-surface missiles; and to set up guiding principles and establish a consultation mechanism in order to make a common commitment and avoid transfers that could damage the stability of the region. 2) Call on all Middle Eastern countries to freeze the acquisition, production, and testing of surface-to-surface missiles and to stop the production and importing of nuclear materials that could be used to manufacture nuclear weapons in order to ultimately establish a nuclear-free zone in the Middle East. All countries in the Middle East should also respect treaties prohibiting nuclear and biological weapons, join the NPT [Nonproliferation Treaty], and submit all pre-existing nuclear facilities to IAEA [International Atomic Energy Agency] inspection.

D. Promote Economic Development. The United States advocates establishing a Middle Eastern development fund with monies from the Gulf countries and supported by

Western Europe and Japan to implement a "Marshall Plan" to "ameliorate the gap between rich and poor," preserve stability in the Middle East, and expand U.S. political and economic influence. On 7 February of this year in a speech to the Senate Foreign Affairs Committee, Baker suggested establishing a "construction bank" similar to the one "helping East Europe's economic recovery." The funds for this bank would primarily "come from the Gulf countries"; Western allies would also supply "aid." On 6 March Bush said at a combined meeting of the Congress that it would be a challenge for the United States to make the Middle Eastern countries take "the financial and material resources they spend on military forces and use them for peaceful projects" to promote regional "economic independence and prosperity."

The methods that the United States is using to promote the new order in the Middle East include:

A. Taking Care To Coordinate and Cooperate With West Europe, Japan, and Other Allies. During the cold war era the United States frequently acted arbitrarily in handling world affairs. However, its methods are changing. For example, in the Gulf war the United States coordinated and cooperated with Western Europe and Japan. In the days to come, the United States will need the cooperation of allies and "friendly countries" during the process of establishing its plan for a new order in the Middle East and the world. Former U.S. Secretary of State Kissinger said that the United States cannot dictate the post-war Gulf order. Bush has also admitted that the United States cannot single-handedly serve as "military police." Last October during a speech at the UN General Assembly he said that in order to establish "the new world order there must be relations between countries that exceed the scope of the cold war." These relations are partnerships based on negotiation, cooperation, and collective action.

B. Try To Gain Soviet and Chinese Support. The United States knows that, as permanent members of the UN Security Council, China and the Soviet Union have a certain amount of influence in the Middle East. There must be some consultation and coordination with the Soviet Union and China on Middle Eastern arms control and the Arab-Israeli issue. In his 13 April speech at the Maxwell Air Force Institute, Bush said that during the Gulf crisis "the Security Council, uninfluenced by a cold war mentality, was useful in resolving the conflict and collective security." In the future this "cooperative relationship" must be strengthened.

C. Militarily Move From Indirect Involvement to Direct Intervention. In the past the United States has been guided by the principle of "not entering regional conflicts" in the Middle East. It has always used Israel as its middleman in the fighting. Since Bush came to power, the United States has stressed direct intervention. In April of this year he stated that we must face any activity that damages the international order with "the spirit of Desert Storm" and bestow a new form and initiative on the new world order in order to wisely use force and "punish the aggressors." In April of this year, the United States directly dispatched troops to Iraq and established a "safe zone" for the Kurds

in northern Iraq. Recently it has announced that it will send planes to bomb Iraq's nuclear facilities. Facts show that under certain conditions the direct use of force will be an important means by which the United States establishes a new order in the Middle East. However, the form of intervention will not be to permanently station troops in the region but to stockpile arms in the Gulf to improve troop response. Currently the United States is planning to withdraw a portion of its troops from Europe and Asia, close some U.S. military bases, concentrate its military superiority on its own soil, and strengthen its "quick response troops" and improve their mobility in order to be able to dispatch troops to the front lines "quickly and on a large scale."

III. Difficulties and Problems

Right after the Gulf war the United States was confident that it could establish a new order in the Middle East. Bush announced, "There are real prospects for establishing a new world order." The actual situation in the more than three months since shows that besides resolving the problem of Iraq's plans to dominate the Gulf, all the other basic problems are still continuing to develop. The United States has not only had serious problems implementing its plans for a new order in the Middle East, it also faces the challenge of the deepening problems between the Arabs and the other powers.

A. Although the United States Has Made Some Progress on Holding the Middle East Peace Talks, It Is Difficult To Make a Real Breakthrough in the Arab-Israeli Issue.

With the United States acting as go-between, both the Arab and Israeli sides have agreed in principle to the U.S. plan of holding Middle East peace talks. However, there is still serious disagreement on the nature of and representation to the peace talks: 1) On the nature of the peace talks, Israel advocates holding a "one-time," "formal" regional conference. Syria insists upon an international conference, stressing the "continuing" and "authoritative" nature of the conference. 2) On the role of the UN, Syria stresses that the peace talks should be based on Security Council Resolutions 242 and 338 and that the UN "should play an important role." Israel firmly opposes the participation of the UN. 3) On PLO representation, Israel rejects this, saying that they will only discuss the issue of autonomy with Palestinians in the occupied territories. Syria stresses that the PLO is the representative of the Palestinian people. Syria and Israel's disagreement over the nature of the peace talks indicates that neither side is willing to compromise on substantive issues. After the Gulf war, Israel's attitude became peremptory, the ruling Likud bloc refused to accept the principle of "exchanging land for peace." The Labor Party, which is out of power, advocates giving up Gaza and, aside from a small, strategic portion of land, the majority of the West Bank. But they are opposed to giving up the Golan Heights and Jerusalem and are opposed to establishing a Palestinian nation. Currently the hardliners are dominating. They not only refuse to give back the occupied territories, they insist that the Arab countries take the lead in making concessions, remove economic sanctions against Israel, and end the state of war.

Recently Israel has speeded up the settlement of Jewish immigrants into the occupied territories. Syria has strengthened its position through the Gulf war. It not only wants to get back the Golan Heights, it also wants to hold high the anti-Israeli flag in the Arab world. Therefore, they are diametrically opposed to Israel and will not give an inch. Recently Syria has ended eight years of conflict with the PLO and took the initiative in restoring relations with the PLO. On 22 May, Syria signed a treaty of friendship and cooperation with Lebanon, allowing Syria and Lebanon to establish a "special relationship." Israel believes that the treaty between Syria and Lebanon constitutes a threat to Israel's security and therefore increased the number of troops stationed near southern Lebanon. Moreover, Israel repeatedly bombed Palestinian guerrilla bases in southern Lebanon. Not only have the problems between Syria and Israel not gotten better, they have gotten worse. Although the United States has criticized Israel for increasing settlement, it has certainly not changed its basic stand of siding with Israel. The U.S. proposal of "dual track" negotiations is a repeat of the Camp David accords and is not mutually exclusive with Israel's long-held stand of "independent" talks with the Arab nations. In regards to this, the Arab nations have expressed dissatisfaction. To end the stalemate, Bush wrote separate letters to the leaders of five Middle East countries on 1 June inviting Egypt, Syria, Saudi Arabia, Jordan, and Israel to participate in Middle East peace talks. In the letter he mentioned that he agreed with allowing West Europe and the UN to have observers at the talks. Moreover, he endorsed a compromise proposal of holding a session every six months. By doing this, he hoped to show consideration for the demands of the Arab side and to reduce West European dissatisfaction. This new suggestion by the United States received the support of Egypt, Syria, and Jordan. The PLO said that if the United States and Israel were sincere about peacefully resolving the Middle Eastern question, the PLO would "abandon its proposal to participate in the peace talks as an independent organization," but would "attend the talks along with Jordan as part of the UN representation." However, Israel was opposed to this. It seems that, with the United States as go-between, it did not rule out the possibility of holding Middle East peace talks. However, judging from the long history of Arab-Israeli problems and the complexity of the problems, they are still a long way from really bridging the differences of the two sides.

B. The Regional Security Structure Already Has a Framework, but There Are Still Many Problems in Actual Implementation.

Just after the Gulf war concluded, the six Gulf countries along with Egypt and Syria reached an agreement on the "Damascus Declaration," which was aimed at establishing an Arab defense system with a core of Egyptian and Syrian troops to protect Gulf security. Now the basic structure of the "eight nation alliance" defense structure is already set. However, there are still differences on how to decide leadership and other questions. Egypt and Syria advocate that Arab troops stationed in the Gulf should accept the leadership of the primarily Egyptian and Syrian Arab

headquarters. Iran, thinking to expand its power in the Gulf, has expressed its great dissatisfaction with the fact that it has been cut out of the security system, and especially that foreign troops are being stationed in the Gulf. Recently it also made the criticism that some countries are not qualified to "play an effective security role" in the Gulf. The Gulf countries are irresolute and apprehensive. In March of this year, Saudi Arabia and Iran re-established diplomatic relations. Moreover, Saudi Arabia has repeatedly said that Iran should be consulted on Gulf security arrangements. On 18 June, Mubarak visited Kuwait and Bahrain for basic negotiations with the Gulf countries. The Gulf countries for the most part agree to Egypt and Syria stationing a force (3,000 men) in Kuwait. Egypt has acknowledged Iran's role in Gulf security and peace and does not oppose the Gulf countries developing political relations with Iran. Currently, these eight countries are still holding talks; it will be difficult in the short term to completely implement Gulf security arrangements. This will certainly affect U.S. long-term troop arrangements in the Gulf.

Aside from this, the United States, although it defeated Iraq, still was unable to force Saddam to step down. The United States originally believed that after Iraq was defeated, Saddam would quickly be overthrown by internal forces and a pro-Western regime would emerge, but things have gone otherwise. When anti-government forces in Iraq revolted, the United States was afraid that Iraq would be split apart, which would be disadvantageous to the long-term peace and stability of the Gulf, and did not give full support to Iraqi rebel forces. When the Kurdish immigrant problem arose, the United States hesitated for awhile before sending troops to make a limited intervention. Again afraid of being drawn into a quagmire, it had to finally turn over control of the Kurdish "security zone" to the UN peace-keeping forces, and Saddam has made use of U.S. hesitancy and problems to both suppress the rebellion and institute democratic reforms and placate the Kurds. Thus he has tided over the difficulty and is gradually stabilizing his regime. The U.S. expectation that Saddam would be overthrown by internal forces has come to naught.

C. Although Arms Control Talks by the Big Powers Can Reach Some Kind of Understanding, It Cannot Stop the Middle Eastern Arms Race.

Bush's arms control proposal has received support in principle from five of the big powers. In July they held "Paris negotiations," which reached the agreements that "made the Middle East a region free of weapons of mass destruction." For the most part, the Middle Eastern countries support Bush's proposal, but there is the general belief that arms control should include limiting or destroying Israel's nuclear weapons. In general, they hope to go through a process that would limit the arms race in the region, but they themselves do not want to have more restrictions. Viewing the actual situation in the Middle East, there are still many factors restricting implementation of the U.S. arms control plan.

1. The Arab-Israel problem has not been resolved yet. Both the Arabs and Israelis lack a sense of security; nor is there a basis for reaching an understanding. Primarily, Israel does not wish to lose its nuclear monopoly and military superiority.

2. The United States maintains a strategic alliance with Israel, views Israel as the "stronghold" of security in the region, and does not want Israel to lose its military superiority. The day after Bush raised his arms control proposal, the United States announced that it would supply Israel with 10 F-15 fighters and agreed to jointly develop the "Arrow" anti-ballistic missile and cover 72 percent of the costs. In addition, the United States gives Israel \$1.8 billion in military aid annually and plans to increase this to \$20 billion next year.

3. When Iraq suffered defeat, the Arab-Israeli military balance was lost. The Arab countries are aggressively planning for military modernization in order to strive for a new balance. Saudi Arabia has already drawn up a large-scale plan for arms expansion and plans to increase its army by 100-120,000 men. It is planning to spend \$60-70 billion in the next 10-15 years to implement weapons modernization. Syria and Iran are also seeking to import advanced weapons.

4. Since the cold war, the world arms market has shrunk. The armament industries of many countries have encountered difficulties. The Gulf war has stimulated the development of the Western armament industry. Western arms dealers view the postwar Middle East as a potential arms market and are sparing no effort to increase weapons exports to the Middle East. The United States took the lead in drawing up a plan to export \$23 billion in weapons to the Middle East. British and French arms dealers are also actively trying to export weapons to the Middle East. Western observers believe that "arms dealers are boycotting all of Bush's actions to limit arms trade;" moreover, "if they do not cooperate, it will be difficult to implement a Middle East arms control plan."

D. It Is Difficult To Accelerate Middle Eastern Economic Development.

The Gulf war did serious harm to the economy of the Middle East. After the war, Kuwait and Saudi Arabia require \$140 billion to reconstruct; Iraq needs at least \$200 billion. If we add to that the capital required by other countries, the total capital required for reconstruction after the war is \$350 billion. This far exceeds the Marshall Plan for the reconstruction of Europe after World War II. However, money is currently tight on international financial markets; there is a serious shortage of capital. This shortage is approximately \$50-100 billion. The United States still depends on borrowing money to support its economic development. Japan and Germany do not have any more money to help other countries; much less will they spend money and let the United States monopolize the advantages. Thus it is going to be difficult to implement the "Marshall Plan" for the Middle East proposed by the United States, for which Japan and Germany supply the funds. On the other hand, the oil producing nations of

the Middle East welcome the establishment of a Middle East development fund but are even more hopeful of establishing a "regional development fund" which they control so as to give aid to the poorer Arab countries to increase their own influence. However, the Gulf war has greatly reduced the economic strength of the richer Gulf countries. Since the Gulf war they have been facing serious capital shortages. For some time to come they will only be able to supply limited economic assistance.

E. The Arab Countries Are Again Showing a Tendency To Unite; They Are Not Just Following the Lead of the United States.

Since the Gulf war, the balance of power between the Arab countries and Israel has been seriously affected. Israel has become overbearing; the Arab countries are in a less advantageous position than before. In addition, all the countries in the Middle East have taken huge economic losses and are faced with all kinds of difficulties. Many countries are beginning to realize that if the Arab countries do not become more united, it will be difficult to deal with the challenges facing them. Recently the Arab countries have been trying to find a way to develop their unity. The Arab League has held three meetings, all full plenums, since the end of March. Before the war, they rarely did this. Especially during the third meeting held on 25 May, they made a joint statement and resolution advocating restoring and strengthening Arab unity, calling for renewed trust between all countries, closing the rifts, and "resolving differences within the Arab League." Countries that once supported Iraq are now making efforts to improve relations with Egypt and Syria. Since March, leaders of the PLO, Yemen, Jordan, Sudan, and Lebanon have been meeting and having secret contacts with the leaders of Egypt and Syria. There has been easing up and improvements in relations. At the end of May, PLO Foreign Minister Qaddumi visited Syria and reached "total reconciliation" with Syria. Egypt and Syria had already reached an agreement on establishing a "policy coordination committee." In the future all questions on the Middle East will be coordinated so that there can be Arab unity within the scope of the constitution of the Arab League. An Arab common market is going to be established to deal with the challenge of the unified European market in 1992. Gulf Cooperation Council General Secretary Bisharah recently mentioned in a speech that "establishing a new Arab political and economic order" is "the most important responsibility" of the Arab nations. He advocates establishing a new kind of relationship among the Arab nations based on "non-interference in domestic affairs, respect for all countries' sovereignty," and "mutual and common benefit" according to the spirit of the "Damascus Declaration."

F. Middle Eastern Countries Are Actively Seeking Balance Among the Big Powers and Containment of the United States.

All the countries in the Middle East (except for Israel) are worried in their hearts that the United States will dominate the Middle East. They are currently seeking for the United Nations and other countries to play a greater role

in solving Middle Eastern issues to balance and check the United States. This tendency is steadily growing greater. Since March of this year, the leaders of France, Germany, the UK, and Japan have successively accepted invitations to visit the Middle East. All the countries of the Middle East are developing relations with these countries. For one thing, they want to get economic aid, and for another they are looking for political support. They also do not want the Soviet Union to completely withdraw from Middle Eastern affairs. They believe that there are still problems between the United States and the Soviet Union that can be used and that they can develop cooperative economic and military relations with the Soviet Union.

Although Europe, Japan, and the Soviet Union are not willing to give offense to or contend with the United States, they are developing an autonomous role. Since the cold war, the old world pattern has been broken, and the balance of power between the superpowers has changed to favor the United States. The Gulf war further strengthened the position of the United States and increased its desire to play a dominant role in international affairs. Western Europe, Japan, and the Soviet Union all worry that the United States will act as "leader," and that they will play a supporting role. Although they currently maintain cooperative political and military relations with the United States, they have their own plans for establishing a new Middle Eastern and world order, and they will not be completely manipulated by the United States. Western Europe is aggressively promoting an economic, financial, and political alliance for Europe and is working for the European countries "to again become a political center in the world." In establishing a new order in the Middle East, they are catering to the Arab countries' mentality of trying to balance the superpowers and are actively using diplomatic offensives to strengthen economic relations with Arab countries in order to increase their influence. In recent years, Japan has built a foundation in the Middle East and is currently actively participating in the postwar reconstruction. The Gulf is on the flank of the Soviet Union, and their security is completely interrelated. To maintain its influence in the Middle East it must maintain a certain distance from the United States. In February of this year, Soviet Foreign Minister Bessmertnykh said that the Soviet Union "not only wants to establish a postwar security structure in the Gulf region, it also wants to develop its role in the security structure of the whole Near East." In the beginning of May he visited five countries in the Middle East and repeatedly stressed Soviet support of the PLO cause and made use of this to say that the Soviet Union's position on the Middle Eastern issue differs from that of the United States.

NORTHEAST ASIA

Japan's Strategy To Become World Power

Seeking To Expand UN Role

92CM0060A Beijing GUOJI WENTI YANJIU
[INTERNATIONAL STUDIES] in Chinese No 42,
13 Oct 91 pp 25-32

[Article by Zhang Dalin (1728 1129 2651): "Japan's UN Diplomacy"]

[Excerpts] Japan has launched a series of diplomatic activities in recent years in an effort to become a permanent member of the United Nations Security Council and achieve status equal to that of the United States and the Soviet Union. The main content of these activities includes: 1) a vigorous campaign to gain public support for Japan's admission as a permanent member of the Security Council; 2) a request to remove the "enemy nation" articles from the UN Charter; 3) an expression of willingness to send the Self-Defense Forces to participate in UN peacekeeping activities; and 4) strengthening of cooperation with the United Nations in personnel matters.

Why is Japan now stepping up its UN diplomatic activities? How is it going about them? What can it achieve through these activities? What is Japan's proper contribution to the United Nations? All these issues are of great concern to people. This article intends to express a few opinions on the subject. [passage omitted]

II. Japan Aggressively Seeks Status as Major Power in United Nations

Japan's economy has expanded rapidly since the early 1980's. Per capita GNP [gross national product] has risen to number one in the world, and total national assets exceed those of the United States. It has become the world's "richest nation." Building upon its status as a major economic power, Japan is beginning to move toward its goal of becoming a "major political power," for which reason it is very unhappy about its current status in the United Nations.

Prior to World War II, Japan, as a victor in World War I, had been a permanent member of the League of Nations Council. It took part in important decisions to control the defeated nations and suppress proletarian revolutions and movements of national liberation. Later, though, Japan's military invasion of northeastern China gave rise to conflicts of interest among the powerful imperialist nations. Japan met with resistance and withdrew from the League of Nations in 1933. To this day, many in Japan's diplomatic community recall fondly the glory days when Japan participated in the League of Nations as an equal of the Western powers. Japan's current position and role in the United Nations are too insignificant for comparison with its standing in the League of Nations.

Japan is dissatisfied with the following aspects of its position and role in the United Nations: 1) The United Nations has a one country, one vote system. Of the 158 member nations, 79 (or one-half) only contribute 0.01 percent of the UN budget, and the great majority of these members are developing nations which have thrown off colonial rule since World War II. Their voting privileges are no different from those of Japan. 2) In the Security Council (apart from China, the Soviet Union, the United States, England, and France, which are permanent members), the nonpermanent seats are distributed according to geographical region and are up for election in the UN General Assembly every two years. Japan's chances of being elected to the Security Council are much better than those of developing countries, but it generally loses out because of fierce competition with the ASEAN nations. 3)

Of the resolutions passed every year by the United Nations, virtually none are recognized as having been originated by Japan, because in the Western camp Japan is neither a member of the European Community nor of NATO. As a result, its positions are generally ignored. It is very difficult for a Japanese resolution to gain more than half of the votes. 4) The United Nations has in the past asked Japan to send troops to take part in peacekeeping actions, but Japan, restricted by its Constitution and by pressures at home and abroad, has always approached the issue cautiously and has yet to break with the stricture against "sending Self-Defense Forces abroad." Against its own will, it has passed up opportunities to show its ability to act as a major power.

In the May 1990 issue of *Gaikō Rondan* (Foreign Affairs Forum), Kuriyama, Japan's vice minister of foreign affairs, published a long article entitled "The Turbulent 1990's and New Progress in Japanese Diplomacy," in which he states, "Japan today is one of the principal advanced, democratic nations. It can no longer pursue a passive diplomacy based on the world order of the past. In the future, Japan must work aggressively to establish a new world order in order to assure its own security and prosperity. In this sense, Japanese diplomacy must make the transition as quickly as possible from that of a small- or medium-size country to that of a major power."

Kuriyama spoke very clearly; Japan's diplomacy has already made the transition from the passive style of a medium- or small-size country to the assertive posture of a major power, and it is working alongside the United States and Europe to establish a new world order. This is the new look of Japanese diplomacy in the 1990's, and it is also the core of Japan's UN diplomacy.

III. The Main Modus Operandi of Japan's UN Diplomacy

Since Japan has already set its sights on attaining major power status, then how will it pursue its major power diplomacy in the United Nations?

On 28 September 1990, Japan's Jiji News Agency broadcast from New York a commentary entitled "The UN Diplomacy of a Foreign Minister who Shows Clear Signs of Acting Like a Major Political Power." The commentary stated that Foreign Minister Nakayama, who was staying in New York to attend the UN General Assembly, had finished talks and speeches with the foreign ministers of 60 nations on 28 September, and that a series of diplomatic moves aimed at the United Nations had come to a close. In these diplomatic moves at the United Nations, the foreign minister repeatedly illustrated Japan's intention to play the part of a major political power. For example: 1) He discussed concrete measures for strengthening the role of the United Nations. 2) He expressed Japan's intention to make significant contributions to UN peacekeeping activities by doing such things as sending personnel to participate in the UN Peacekeeping Forces. 3) "In return," it has been requested that, among other things, the "former enemy articles" be removed from the UN Charter. The commentary went on to say that, as part of Japan's effort

to become a permanent member of the Security Council, the government plans to continue raising this request.

The Jiji commentary basically summed up the major aspects of Japan's UN diplomacy, which are as follows:

1. A Vigorous Campaign To Gain Public Support for Japan's Permanent Membership on the Security Council

Although top political figures in Japan are publicly circumspect regarding the issue of Japan's permanent membership on the Security Council, Foreign Minister Nakayama met frequently with the foreign ministers of 60 countries during the 1990 UN General Assembly and stepped up diplomatic activities aimed at securing Japan a permanent seat on the Security Council. Japan's journalistic and academic circles long ago became aware of the government's intentions and have done everything possible to muster public support and provide supporting arguments. The aforementioned Jiji News Agency commentary stated that during the foreign minister's talks with his counterparts, the foreign ministers of three countries stated, "Japan should be a permanent member of the Security Council and play an active role." A Japanese official stated, "We will soon make permanent Security Council membership for Japan a major issue, and will seek to achieve this membership at the same time that united Germany does so we can play the role of a major political power along with the United States and the Soviet Union."

In November 1990, *Mainichi Shimbun* for the first time conducted an opinion survey of 108 foreign ambassadors in Tokyo. One of the questions was, "What would your attitude be if Japan sought to become a permanent member of the UN Security Council?" Of the effective responses to this question, over 40 percent of the nations (25) indicated support, and four of these nations supported allowing Japan to become a Security Council member with veto power. The newspaper also said, "Japan hopes to be elected as a non-permanent member of the Security Council in the autumn 1991 session of the UN General Assembly, and hopes in the future it can become a permanent member of the Security Council along with Germany."

In late 1990, the Japanese economic commentator, Keitaro Hasegawa, published a new book entitled *The New World Order and Japan*. In his book he stated that the strength of the United States and the Soviet Union was waning and that in the future the United States, Japan, and Germany would take responsibility for maintaining the new world order. Hasegawa further stated, "The UN Security Council must be reorganized. Several of the countries on the Security Council have no choice but to relinquish their veto power, such as England, France, the Soviet Union, and China. It should be Japan and united Germany which take their places." He predicted that Japan and Germany would become permanent members of the Security Council in the 1990's. These statements by Keitaro would seem at first reading to be mere day-dreaming, but in fact Japan has already launched a series of hard-hitting diplomatic activities aimed at securing permanent Security Council membership for Japan.

2. Elimination of the Enemy Nation Articles

In the 1990 UN General Assembly, Japan requested for the first time that the "old enemy nations articles" be removed from the UN Charter. The UN Charter was drafted and passed in the period immediately after World War II; use of the term "enemy nations" was a historical necessity and very natural. The "enemy nations" referred to were the nations which had fought against China, the Soviet Union, the United States, and England, and the list included the Axis powers of Japan, Italy, and Germany as well as Bulgaria, Hungary, Romania, and the Finland. There are a total of 19 chapters and 111 articles in the UN Charter, and the term "enemy nations" is used in three chapters and three articles: Article 53 of Chapter 8, which deals with regional arrangements, Article 77 in Chapter 12, which deals with the international trusteeship system, and Article 107 of Chapter 17, which deals with transitional security arrangements.

Article 77, on the international trusteeship system, refers to "territories which may be detached from enemy states as a result of the Second World War." Korea, which had split away from Japan, and Somalia, Italy's former African territory, were both trusteeships. The task of trusteeship has now been completed, and the entire Chapter 12, including Article 77, has become a historical relic.

Article 107 stipulates, "Nothing in the present Charter shall invalidate or preclude action, in relation to any state which during the Second World War has been an enemy of any signatory to the present Charter, taken or authorized as a result of that war by the Governments having responsibility for such action." This regulation followed the precedent of the League of Nations Treaty and the Treaty of Versailles by separating the post-war measures of the victors, such as the ceasefire and the signing of peace treaties, from the United Nations. The United Nations was not to intervene in how the victors handled the defeated nations. When the Soviet Union was carrying out the Berlin blockade, it used Article 107 to prevent UN intervention. However, Chapter 17 was a transitional one; post-war actions had long since been concluded and the "enemy nations" had joined the United Nations, so Article 107 was outdated.

Article 53 is the most important one with respect to Japan's efforts to eliminate the "enemy nations" articles. Article 53 stipulates that when UN members resolve through consultation to take certain actions on regional security issues, establish regional organizations, or take compulsory measures to such ends, they must obtain the approval of the UN Security Council. However, there are two exceptions, both of which have to do with "enemy nations." One falls within the scope of Article 107 and the other has to do with "regional arrangements directed against renewal of aggressive policy on the part of any such state," which are compulsory actions intended to prevent the "enemy nations" from again launching any invasions. For example, the Treaty of Friendship and Alliance signed by England and France in 1947, the Mutual Assistance Treaty concluded by the Soviet Union and the nations of Eastern Europe, and the Treaty of Friendship and Alliance

signed by China and the Soviet Union in 1950 all cited Article 53 to prevent Germany and Japan from launching any more invasions. The North Atlantic Treaty Organization and the Warsaw Pact which came later then replaced the alliance treaty between England and France and the mutual assistance treaty between the Soviet Union and the nations of Eastern Europe, but the establishment of these group self-defense organizations was based on Article 51 instead of clause 53. Group self-defense actions must be approved by the UN Security Council. The Sino-Soviet alliance treaty has also long since lost force, so in this sense Article 53 is also defunct.

If the "enemy nations" articles have lost force, why is Japan so determined to eliminate them? There are two main reasons. The first has to do with peace of mind. The "enemy nations" articles in the UN Charter, and especially Article 53, are like an antique gun held to Japan's head; if someone were to dig up an old flint, it would be just as discomfiting to Japan as ever. Only by doing away with the spiritual shackle of the "enemy nations" articles will Japan feel at ease. Second is the matter of political influence. As soon as the "enemy nations" articles are eliminated, Japan's political position in the United Nations will rise immediately, so the elimination of these articles would be a stepping stone to permanent membership on the Security Council.

3. Sending Self-Defense Forces to Take Part in UN Peace-keeping Operations

From 1956, when Japan joined the United Nations, through 1989, Japan never sent its Self-Defense Forces abroad, and only on two occasions did Japan send civilians to participate in UN election observation teams, once when it sent 27 people in April 1989 to participate in the monitoring of elections in Namibia and once in August 1989 when it sent six people to participate in the monitoring of elections in Nicaragua. During this time period, some political figures in Japan sought several times to fabricate a pretense for Japan to send troops abroad, but their efforts failed for lack of legal backing and due to opposition from Asian countries and the majority of the Japanese public.

Article 9 of Japan's Constitution, which was passed in 1946, stipulates that Japan forever relinquishes the right to launch warfare for reasons of national rights, and renounces the use of military force as a threat or as a means of resolving international conflict. For this reason, Japan must not have an army, navy, or air force, or any corresponding combat capability. In accordance with the spirit of the Constitution, the Self-Defense Act of 1954 adopted a policy of "self-defense only." At the same time, the Upper House of Japan's parliament passed the "Resolution Against the Use of the Self-Defense Forces Abroad." These provisions constitute a legal barrier to the dispatch of Japan's Self-Defense Forces abroad. In addition, the nations of Asia which have experienced invasion by Japanese militarists all feel deeply uneasy about Japan sending troops abroad. This is another obstacle to such an action.

4. Strengthening Cooperation With the United Nations in Personnel Matters

The United Nations has an enormous bureaucracy charged with a plethora of tasks. Without a correspondingly large pool of personnel to carry out a wide range of contacts and mediation, it would be difficult for the United Nations to perform and gain support. Every UN resolution must first be worked out by senior staffers, and it must gain more than 100 votes to pass. Currently, not only is the number of Japanese staffers and delegates at the United Nations very small, but their linguistic abilities fall short of requirements. There are only 450 Japanese staffers among 14,000 at the United Nations, or about 3 percent. Of these, there are only three senior Japanese staffers serving at a rank equivalent to deputy secretary general, and there are only 13 serving between the ranks of section chief and deputy secretary general. The United States sends as many as 12 ambassadors to its office in Geneva, while Japan only sends one or two. In addition, Japanese is not an official language of the United Nations, and there is a tremendous shortage of people who can perform simultaneous interpreting between Japanese and the six official UN languages. The Japanese Government, in an effort to increase the number of Japanese staffers, has used a number of methods to recruit international personnel, but progress has been slow because UN pay is low for a Japanese person. In particular, the appreciation of the Japanese yen means that accepting a salary in U.S. dollars lowers a staffer's standard of living. In short, there is an urgent need to strengthen cooperation in the area of personnel.

As its desire to become a "major political power" has grown, Japan's UN diplomacy has taken on new aspects, but its main objective is to become a permanent member of the Security Council with veto power.

IV. Prospects for Japan's UN Diplomacy

Before his visit to Europe in early 1990, Prime Minister Kaifu wrote a letter to U.S. President Bush emphasizing, "The new world order must be formed by Japan, the United States, and Europe." Deputy Minister of Foreign Affairs Kuriyama in the aforementioned article proposed a "5:5:3" ratio, thus corroborating Kaifu's judgment. The "5:5:3" ratio referred to the 1988 gross global product of \$20 trillion, of which the United States accounted for 5 billion, Europe 5 billion, and Japan 3 billion. The three added together account for two-thirds of global economic activity. This ratio is precisely the same as that mandated by the 1922 Limitation of Naval Armaments regarding the tonnage of the main battle ships of the United States, England, and Japan. The balance of military forces in that year made Japan a major military power, and together with the United States and England it took responsibility for "maintaining world peace." Kuriyama said, "Half a century later, in terms of economic power, Japan is again in position to take responsibility for establishing and maintaining the world order."

Relying on its economic power, Japan has launched a "major power diplomacy" initiative in the United Nations, exhibiting a great deal of self-confidence in the

process. However, the 1990's are not the 1920's, after all; can Japan achieve its new objectives through its UN diplomacy? People are mulling the question and coming to conclusions.

1. Becoming a permanent member of the UN Security Council is not a realistic possibility.

In Japan, someone has written an article commenting, "Japan is on its own in the United Nations. We were not even successful with a new resolution to prohibit weapons exports; to think we can become a permanent member of the Security Council is daydreaming." (Sentaku, February 1991) This statement cannot be called unreasonable. It is based on three facts: 1) The UN Charter does not allow it. If Japan is to become a permanent Security Council member, the UN Charter will have to be amended and the Security Council reorganized. The five major powers would have trouble accepting this. France's Minister of Foreign Affairs Dumas is resolutely opposed to reassigning permanent membership on the Security Council. He said that France would not agree to amendment of the UN Charter, especially any articles related to the makeup of the Security Council (Xinhua News Agency, Paris Dispatch, 3 February 1991). The other four permanent Security Council members will not agree to amendment of the charter, either. 2) Japan does not have the necessary qualifications. After Japan joined the United Nations, it claimed to pursue a policy it called "UN centrism," but in reality it regarded tagging along behind the United States as equivalent to supporting the United Nations; in their own words, "cooperating with the United Nations and cooperating with the United States is the same thing." When important issues are being discussed in the United Nations, Japan is seldom able to independently raise its own proposals or state its own position. Some commentators say that Japan lacks the qualifications to exert world leadership. 3) The international community does not accept Japan in such a role. In the past two years, Prime Minister Kaifu has traveled abroad more than ten times and visited nearly 30 countries. Everywhere he goes he dispenses economic aid, trumpets his country's "major power politics," and works on Japan's image as "making a contribution to the world," but in reality the effectiveness of these efforts leaves something to be desired. The wariness of Asian nations, the doubts of African nations, and the guarded attitude of Europe are growing stronger, not weaker.

2. The "enemy nations" issue will be resolved.

Eliminating the "enemy nations" articles requires amendment of the UN Charter, which in turn requires a two-thirds vote, including the unanimous consent of the five permanent Security Council members. These five nations say that although the "enemy nations" articles have lost force, they do understand Japan's request. However, their attitude has been extremely cautious; they fear setting off a chain reaction, so they will not agree to amendment of the UN Charter. From Japan's perspective, it would be very difficult to secure the support of more than 100 countries, and many countries might request economic aid as the price of their support. Japan must ask whether this support

is worth such a high economic price. The attitude of the other countries listed as former enemies is not completely in line with Japan's. Italy is relatively active in seeking repeal, but although Germany would like to play a greater role in the United Nations, it fears that in the wake of its reunification it would bring less profit than gain if amendment of the UN Charter were to stir fears among its European neighbors.

It appears that it will be difficult to repeal the "enemy nations" articles through amendment of the UN Charter. The Japan-Soviet Union Joint Announcement which was released during the visit to Japan by Soviet President Gorbachev in 1991 affirmed that the "enemy nations" articles in the UN Charter were no longer in force. This was a tip to Japan that it should switch from seeking an amendment to the UN Charter and work instead for the next best thing: a resolution by the Security Council or the General Assembly. It is reported that the Japanese Government has already decided to seek a General Assembly resolution announcing that the "enemy nations" articles are no longer in force. The Japanese Government is now taking its case to other UN members in hopes that such a resolution can be passed smoothly during the current session of the General Assembly. The Japanese Government has offered the following explanations of its switch in tactics: 1) A General Assembly resolution announcing that the "enemy nations" articles are no longer in force would be just as effective as a Charter amendment repealing these articles. 2) A General Assembly resolution only requires a simple majority vote to pass. (Yomiuri Shimbun, 2 July 1991)

3. It is very unlikely that neighboring Asian nations would look kindly upon the dispatch of Self-Defense Forces abroad.

Japan's Jiji News Agency released a report on 3 August 1991 entitled "Internal Document in Japanese Government Takes Position That Participation by Self-Defense Forces in UN Peacekeeping Forces is Constitutional." The report stated that in an internal document circulating in the Japanese Government entitled "The UN Peacekeeping Forces and the Issue of Resorting to Military Force," longstanding government views were revised, and the difference between "resorting to military force" and "using military force" was clarified. This article raised several points: 1) "If the law allows the Self-Defense Forces to take part in purely defensive operations by the UN Peacekeeping Forces, then the issue of resorting to military force need never come up." "The Self-Defense Forces can take part in the UN Peacekeeping Forces to the extent allowed by the relevant laws dealing with the use of military weapons." 2) In view of the purpose, duties, and makeup of the UN Peacekeeping Forces, participation in the UN Peacekeeping Forces by the Self-Defense Forces does not violate the prohibition against "resort to military force" in Article 9 of the Constitution. 3) "At least when they are first organized, the task and goal of" the UN Peacekeeping Forces "is not to resort to military force," and "they do not have an offensive mission to reduce the power of the party starting the conflict." Armored vehicles

and mortar are defensive weapons, and infantry are "troops which are engaged solely in defense." When under attack, all they can do is use their weapons defensively as they retreat; they lack the ability to "resort to military force."

Last July, the former chief secretary of the Liberal Democratic Party and current head of the special study group on Japan's international affairs, Ozawa Ichiro, stated in an interview with a reporter from Seikai Shupō [World Weekly] that it is not necessary to amend the Constitution to send the Self-Defense Forces abroad; the only thing needed is a proper interpretation of the Constitution. The thing that requires amendment is the Self-Defense Forces Act; it should be expanded so that the Self-Defense Forces can be sent abroad to maintain world peace and take part in international rescue efforts. It appears that the Japanese government has a clear purpose in mind as it proceeds to manufacture a legal basis for sending the Self-Defense Forces abroad, but how will it gain the understanding of its Asian neighbors? Ozawa has also prepared some arguments in this regard. He said that when Japan sends the Self-Defense Forces abroad, it would not involve unilateral actions in self-defense, nor would it involve Japan exercising collective self-defense in alliance with any particular country; rather, it would involve participation in UN peacekeeping activities under the UN flag, so Asian countries should not worry. Regardless of what spin the Japanese government puts on it, the fact is that the Japanese government has changed its policy of not sending troops abroad, which has been in place more than 40 years. In particular, Japan's military expenditures are rising just as countries around the world are cutting their own. Under these circumstances, how can the people of the Asian countries to look upon the matter with a detached eye?

4. Cooperation in Personnel Matters will be strengthened.

In recent years, the United Nations has begun to attach importance to personnel cooperation. It has assigned able people to high-level posts, and the number of Japanese in various organs is increasing steadily. In the future when international staffers are recruited, Japan's Ministry of Foreign Affairs will vigorously recommend people and implement a salary supplement system. In addition, work to train linguistic talent will be stepped up. Although the training and promotion of talent will not lead to great improvements in the short run, there will be some results as soon as the effort gets under way.

Of the new objectives embodied in Japan's UN diplomacy, membership on the Security Council and repeal of the "enemy nations" articles will require the support of other member nations, particularly the five permanent Security Council members, while sending the Self-Defense Forces to participate in the UN Peacekeeping Forces and strengthening personnel cooperation with the United Nations ride primarily on subjective factors such as Japanese law and policy. Of these four objectives, the issue of becoming a permanent Security Council member could go unresolved for a long time; it is unlikely that sending the Self-Defense Forces to take part in UN peacekeeping

activities will gain the understanding of Japan's Asian neighbors; while there is a possibility that the other two objectives will be achieved.

Bilateral Relations Detailed

92CM0060B Beijing XIANDAI GUOJI GUANXI
[CONTEMPORARY INTERNATIONAL RELATIONS]
in Chinese No 3, 31 Aug 91 pp 38-45, 62

[Article by Lu Zhongwei (7120 1813 0251): "The World Position and National Course"]

[Excerpts] [Passage Omitted] **III. Relations Between the Major Powers**

Becoming a "major political power" is the focus of Japan's near-and medium-term national strategy. Changes in its foreign relations will always serve the interests of this number one priority, so an exploration into Japan's strategic relations with the major powers is also an important aspect of the effort to predict the future direction of Japan.

1. Japan-U.S. relations: To a great extent, Japan's national pulse will beat in rhythm with that of the United States. As Japan pursues the status of "major political power," it will need to borrow upon the influence of the United States in the political sphere, and it will depend upon the protection of the United States in the realm of security. For this reason, the main thrust of Japan-U.S. relations will involve simultaneous interdependence and competition, and Japan will trade cooperation in exchange for a more elevated political position.

Some research organs in Japan and the United States have pointed out several thought-provoking scenarios for Japan-U.S. relations during the 1990's. Some researchers believe that sharpening conflict will lead to a trend toward "a great split" (a view expressed in the 6 May 1991 edition of *Fortune* magazine, a U.S. publication). In the wake of the Gulf War, the United States is taking advantage of the prestige from its big victory and intentionally applying pressure to Japan to prevent it from using its advantageous economic position to threaten the global leadership of the United States. President Bush postponed his scheduled visit to Tokyo, barring Japan outside the inner sanctum of Western diplomacy. Although the "global partnership" between the two parties was patched up after Prime Minister Kaifu's "pilgrimage" to Washington, "Japan bashing" in the U.S. Government and society at large has only grown stronger. In April 1991, Japan's Ministry of Foreign Affairs hired Gallup Corporation to survey American public opinion regarding Japan. Only 44 percent responded that they "trust" Japan, while 72 percent of the respondents indicated they felt Japan has not played an international role commensurate with its economic power. Elsewhere, the 10,000-member U.S. Manufacturers Association delivered an emergency report to President Bush on 26 April asking that "U.S. economic policy vis-a-vis Japan be fundamentally changed." In addition, anti-American sentiment among "nationalists" in Japan "is growing stronger all the time." A report compiled recently by Japan's International Affairs Institute stated: "Anti-American sentiment has combined with nationalism,"

manifesting itself in the following ways: 1) With regard to trade issues, the mood of "no more concessions" is growing ever more intense. 2) Acceptance of the necessity of the Japan-U.S. security treaty is fading. The U.S. magazine, *Fortune*, has stated that tension in Japan-U.S. relations is "of unprecedented proportions," and it pinpointed the crux of the conflict: "Unlike in the past, the United States is hardly in the mood to listen to the Japanese side of the story." These things mean that Japan's relations with the United States will be troubled, and the straws in the wind suggest a storm in the making.

Another trend is dictated by the fact that Japan and the United States need each other and share a "common fate." From the U.S. perspective, it badly needs Japan to carry more of the burden in terms of global strategy, the bilateral and global economy, security in Northeast Asia, etc. The famous U.S. strategist Brzezinski stated flatly, "If Japan were to go on the offensive against the world's most powerful economy, the world's biggest market, and the only superpower—the United States—and chose to establish truly close relations with the declining Soviet Union, it would be tantamount to suicide. Whether you like it or not, these two countries are coming closer and closer together precisely because Japan-Soviet relations and U.S.-Soviet relations are totally different."

From Japan's perspective, Japan-U.S. relations—from security to economy and trade—are the foundation of its foreign policy. The senior Japanese diplomat and former ambassador to the United States, Matsunaga Shinyu, wrote last January, "During the 10 years between now and the 21st century, Japan-U.S. cooperation will be successfully built up and strengthened," and "the United States is Japan's only ally, so it is natural that we should do everything possible to support the United States." Japan's development of its relations with the United States to a great extent is being done with an eye to its objective of becoming "a major political power."

1) Japan intends to use the enormous international political and economic influence of the United States to create the necessary conditions for its inclusion in the inner circle of Western politics. 2) It will continue to take advantage of the Japan-U.S. security arrangement to ease fears among Asian countries of a resurgence of the Japanese empire, thereby strengthening stability in the Far East. 3) It will rely on the U.S. nuclear umbrella to guard against the potential Soviet military threat.

In short, friction and cooperation in the Japan-U.S. alliance will both increase, but both sides, out of national interests, will do everything possible to keep conflict within manageable bounds. At the same time, the independence of Japan's diplomacy will increase.

2. Japan-Soviet Relations: Gorbachev's visit to Japan gave Japan more maneuvering room and enhanced its efforts to exercise "major power diplomacy," but because the territories dispute remains unresolved and due to limitations imposed by the Japan-U.S. relationship, development in the short term will be slow. Over the medium term, sovereignty over the islands may be resolved, which would lead to a

breakthrough in Japan-Soviet relations and enable Japan to take a major step toward becoming a major power.

The visit to Japan by President Gorbachev on 16 April 1991 has no precedent in the history of Japan-Russian and Japan-Soviet relations over a period of nearly 100 years, and it has provided an opportunity for the development of a new bilateral relationship, but a long and difficult effort is required if this relationship is to be elevated to the level of Japan-U.S., Japan-Chinese, Soviet-U.S., or Soviet-Chinese relations.

From the Soviet perspective, its diplomatic offensive in the Asia Pacific region began in the mid-1980's with an eye to two main strategic objectives: to promote disarmament in the Asia-Pacific region, thus freeing up resources for domestic economic development; and to enhance its chances to take part in Asia-Pacific economic cooperation. Its policy vis-a-vis Japan is also based upon this strategic thinking. 1) It will attempt to include Japan in a security conference between the five major Asia-Pacific powers in order to fill the vacuum which has arisen in the region as a result of the strategic pullback of the United States and the Soviet Union, and to create the necessary conditions so the two countries can cooperate in moderating limited conflict in certain hot spots. 2) It will attempt to bring in Japanese capital, technology, and methods of macroeconomic regulation and control in order to pump life into the Soviet effort to change its economic system. 3) It will promote the formation of the Japan Sea economic circle in order to spur economic development in the Soviet Far East.

From the Japanese perspective, the close of the cold war has led to a change in the strategic environment, presenting a new panorama for Japan's Asia-Pacific diplomacy. Japan can rely on its power to establish a relationship of trust with the Soviet Union, thereby building up a stable situation in Northeast Asia. The main objectives of Japan's policy vis-a-vis the Soviet Union are: 1) to raise the level of Japan-Soviet relations, enhance its own strategic position, and to go outside the "axis" of Japan-U.S. relations to establish a major power relationship capable of counterbalancing the Japan-China relationship, thereby breaking out of the "vexatious triangle" of U.S.-China-Soviet relations which have bedeviled Japanese diplomacy during the cold war; 2) expand its economic hinterland, going outside Southeast Asia and China to open up the Soviet Union market for the export of capital and commodities and to use it as a supply base for resources and energy, thereby enhancing its economic stability and gaining strength to counterbalance the big European market and the North American free trade zone; and 3) to borrow upon the power of the Soviet Union to promote regional cooperation and assure stability and prosperity in the Asia-Pacific region.

From this description it is apparent that Japan-Soviet relations are now looking out upon a "new horizon," but because both parties have deep-seated grievances and suspicions, and because they are subject to restrictions imposed by U.S.-Soviet and Japan-U.S. relations, development over the near term will necessarily be slow. There are several crucial issues. First, Japan and the Soviet Union

have major strategic differences regarding Asia-Pacific security. Japan feels that the model of the Conference on Security and Cooperation in Europe supported by the Soviet Union is inappropriate for the Asia-Pacific region. Japan states that "Asia should have its own dynamics and methods for survival," meaning that issues involving the major powers should be kept separate from regional issues. Nuclear disarmament and naval reductions are matters for U.S.-Soviet relations, while the Korean peninsula and Kampuchea are the proper focus of Asian security concerns. Second, Japan is still highly wary of Soviet military power in the Far East. After Gorbachev's visit to Japan, talk of "the potential Soviet threat" reappeared in Japanese military circles. The Defense Department feels that the jet fighters, nuclear submarines, and guided missile ships stationed in the Soviet Far East are increasing in both quantity and quality, and this is one of the factors which make it "lay aside distrust." Third, there has been no breakthrough regarding sovereignty over the four northern islands. The reason is that the Soviet Union's Japan policy is mainly based upon its long-term Asia-Pacific strategy and is focused upon the relaxation of tension in the Far East and the establishment of trust. In addition, domestic pressure in the Soviet Union is great, and it would be difficult to trade territory for economic aid. In particular, the territory issue touches upon the reapportionment of authority between the federal government and the republics, domestic ethnic conflict, and border negotiations with other countries, so the Soviet Union needs to handle the issue with caution. Fourth, Japan is worried about the direction the Soviet Union is traveling. It feels that the difficulty of changing the Soviet economy, worsening inflation, and growing ethnic separatism constitute destabilizing elements in Northeast Asia.

3. Japan-China Relations: By 1992 it will have been a full 20 years since the two nations established relations in 1972. Although there have been disputes during these 20 years, the relationship has basically been a good one. In the next 10 years the two countries will have many points in common in the effort to promote peace, stability, and prosperity in the Asia-Pacific region. Japan is willing to see stability and development in China, so the two countries will be able to maintain friendly and stable relations for a long time to come.

In 1991, Minister of Finance Hashimoto; Nakao Eiichi, Minister of International Trade and Industry; and Foreign Minister Nakayama have all visited China. Former Prime Ministers Nakasone and Takeshita visited Beijing in April just after Prime Minister Kaifu finished a trip to China. This diplomatic offensive in China on the part of high-level Japanese officials was "a fence-mending exercise" and marked a turnaround in the cool relations that had persisted for two years, but the visits carried a more far-reaching significance. It can be argued that after a period of struggle and readjustment, Japan's China policy now has a new thrust.

An editorial in the authoritative Asahi Shimbun stated, "The fact that Japan-China relations have recovered normalcy does not mean that they have returned to the old

status quo. Rather, they have arrived at the starting point for a new relationship based on a totally changed international environment." Yomiuri Shimbun, in an editorial entitled "A New Beginning in Japan-China Friendship and Cooperation," also stated, "The countries need to re-establish Japan-China relations within the world context." Circumstances require that Japan and China frequently "engage in frank dialogue and work hard to expand the scope of mutual cooperation." At 11:00 on 3 May 1991, Prime Minister Kaifu gave a foreign policy speech in Singapore in which he stated that, "Japan will cooperate in every way possible with China's efforts to achieve modernization."

Looking ahead to the next 10 or 20 years, there are broad prospects for cooperation between China and Japan. In the East Asian region, there is an objective similarity between the strategic interests of China and Japan. Japan feels that China and Japan are largely in agreement regarding the strategy for achieving stability and development in Asia and that China's advocacy of calming down "hot spot" conflicts and its promotion of regional economic cooperation are appropriate for conditions in Asia. As long as Japan and China cooperate in a friendly manner, that in itself will do much to maintain peace and stability and will enhance Japan's security. In the economic sphere, cooperation between the two countries will take place on a higher level, and trade will evolve from a vertical structure, which has been the rule so far, toward a horizontal division of

labor. Some Japanese scholars predict that by the end of the 1990's, as China's reform and opening up progresses, China's foreign trade will expand from the current \$100 billion to \$300 billion and Japan-China trade will expand from the current \$20 billion to \$60 billion. The main factor spurring this growth will be "distribution of labor based on production processes" (dividing the production processes for a single product among different countries depending upon the concentration of technology, capital, and labor in each country) and "division of labor based on finished products" (Japan imports inexpensive finished products from developing countries and exports high quality products or special products). At the same time, it is undeniable that there have been occasional rough periods since the normalization of Sino-Japanese relations. Some negative factors could continue to exist for a long time, including "underground activities between Japan and Taiwan," the impact upon friendly relations caused by various efforts to revive militarism, the tendency in economic and trade relations to "seek profit before all else," etc. These factors are sure to impede the smooth development of Sino-Japanese relations. We need to act in accordance with the principles of "peace and friendship, equality and mutual benefit, mutual trust, and long term stability" as we build upon the positive factors, overcome the negative ones, and work to assure greater development in Sino-Japanese relations in the years to come.

Dangers of, Countermeasures for Peaceful Evolution

91CM0562A Beijing ZHIBU SHENGHUO [PARTY BRANCH LIFE] in Chinese No 8, 5 Aug 91 pp 15-18

[Article in an official journal of Beijing's CPC Committee and consisting of three essays by Gao Qixiang (7559 6386 4382) et al—the first paragraph in italics is a source-supplied editorial note: "The Real Dangers of Peaceful Evolution and Our Countermeasures—Abstracts of Some of the Works Presented at the Symposium on Opposing Peaceful Evolution"]

[Text] Editorial note: Recently ZHIBU SHENGHUO sponsored a symposium on opposing peaceful evolution, and Gao Qixiang, president of Beijing Academy of Social Sciences, and seven other comrades were invited to attend. Here we have reprinted abstracts from works presented by three of the comrades at the symposium (abstracts of other selected works will appear at a later date,) so that our readers have a chance to review their viewpoints and suggestions. We welcome even more comrades to send us their ideas and suggestions on this very important issue.

Countering Peaceful Evolution Is One of the Party's Urgent Tasks—Gao Qixiang, President, Beijing Academy of Social Sciences

The peaceful evolution strategy used by the West's monopoly capitalist class against socialism is clearly in a vicious attack mode today. The capitalists are fighting side by side, and ever since their success in some Eastern European nations, they have become even more arrogant. It is not difficult to discern that Western imperialists are prepared to join forces and make Eastern Europe the model of how to turn socialism into capitalism. They have also been very active in the nations and regions around China, hoping to eventually surround and isolate China. This is because China is taking the most clear stand and is most resolute in upholding Marxism and scientific socialism, and China poses the most serious threat to the development of Western imperialism. Against this greater international background, launching a counter peaceful evolution struggle will be one of the party's most urgent tasks.

The West's peaceful evolution strategy is all-encompassing and consists of many methods and approaches. This means we must work on the political, economic, and ideological realms and resist peaceful evolution in practice, and we must first build a great wall of iron and steel within the party to ward off peaceful evolution.

For now, I think we should focus on the following issues:

1. On the party itself: Strengthening the party is the key to countering peaceful evolution because the Western hostile forces' peaceful evolution is making the ruling communist party its main target.

Since the Fourth Plenary Session of the 13th CPC Central Committee, our party has adopted many effective measures to strengthen itself, especially with regard to the party's ideologies and theories, but we still have not completely adjusted to today's political situations at home

and abroad. How do we guarantee that the party will always uphold the working class's vanguard role? Within the ranks, how do we guarantee that the power of leadership at all levels, especially above county level, will remain in the hands of people who are faithful to Marxism? With respect to workstyle, how do we maintain the flesh-and-blood relationship between the party and the masses, overcome bureaucratic tendencies, and rectify the corrupt phenomena? How do we uphold and perfect the party's principle of democratic centralization and prevent factional activities within the party? How do we nurture a generation of socialist successors that will carry our undertakings into the next century? How do we strengthen the party's theories? We must work hard on these issues.

2. On the party's work toward intellectuals: Among the college and graduate students we have trained in recent years, many are staunch Marxists, but there are also quite a few who have accepted certain bourgeois liberalization viewpoints and democratic socialist elements. The most vicious among those who played a role in Eastern Europe's peaceful evolution were intellectuals who advocated political liberalization. China's contingent of intellectuals on the whole are supportive of the party and socialism, and they play an important role in our socialist modernization. In particular, having had the time to reflect upon the political storm of spring-summer 1989, many have reaffirmed their belief in Marxism, socialism, and communism. However, there are also some who are still confused in their thinkings and have muddled ideas or even erroneous concepts about certain basic political viewpoints, especially when it comes to some of the more profound issues such as political pluralization and the ownership system. This means we must diligently find out how to do a better job with the intellectuals.

3. On relying wholeheartedly on the working class: The nature of our party mandates that we rely on the working class. What is our track record over the years? Politically, can we give even more expression to the interests of the working class, especially the interests of industrial workers? If we are alienated from the masses politically, we will lose the mass base to counter peaceful evolution.

4. How to stop peaceful evolution during the development of the commodity economy is a real question and a question we must address in depth. This includes what the party can do inside the three kinds of wholly or partially foreign-owned enterprises and what kind of policies the party can formulate toward the privately-owned economy. In the outer regions, especially the coastal region, some owners of private enterprises already have substantial economic power. Once they have economic power, they are certain to seek political protection. One way is to try to get into the party, and another way is to resort to all means to befriend and corrupt the party cadres and influence them to make policies in their favor. We must watch out for these tendencies. In today's development of the commodity economy, we must prevent the owners of private enterprises from becoming a political force.

5. On ideologies: Today some publishers still refuse to print articles that oppose bourgeois liberalization. Some

local publications have also shown improper political tendencies, and people who are meddling with liberalization are gathering around these publications. How do we make culture, news, publication, broadcast, television, and everything in the ideological realm play a role in fighting against peaceful evolution is a question well worth looking into.

6. On nationalities and religion: When the West launch their peaceful evolution, they usually make use of racial and religious issues to stir up trouble. We must resolutely adhere to the party's consistent policy and address all nationality and religious issues actively and cautiously and smash the conspiracies of the hostile forces at home and abroad, so that the people of all nationalities will unite tightly around the party Central Committee, with General Secretary Jiang Zemin at its core, and resolutely struggle against imperialism and peaceful evolution.

Looking at the bigger background of the international environment and the trend of development, imperialism will step up the pressure of peaceful evolution on China, and there are also hidden factors at home that want this evolution to happen. The whole party must have a clear understanding and fully recognize the intensity, complexity, and permanence of this struggle. Every communist party member must consciously recognize his own political responsibility in this struggle.

Countering Peaceful Evolution Is an All-Out Struggle—Lu Zuyin [0712 4371 5593], Former Editor in Chief of the Municipal Party Committee Journal, Editor of XUEXI YU YANJIU [STUDY AND RESEARCH]

Countering peaceful evolution is definitely not just the responsibility of one department or one system. It is an all-out struggle that concerns everyone, from the economic base to the superstructure, within the party and outside of the party.

The struggle between infiltration and counter-infiltration, between peaceful evolution and counter peaceful evolution, is nothing new. The foreign hostile forces have never stopped trying to destroy us. In the past, they tried to use force to topple us. They failed, and so they turn to this peaceful evolution scheme, and they have concentrated on this tactic in the last few years. Practical struggle tells us that the dangers of peaceful evolution come from two places: One, the strategic, tactical, and planned attack by the hostile forces abroad; two, the evolution brought on by elements amongst ourselves.

The foreign hostile forces are escalating their attack. In the ideological realm, besides "Voice of America" which has been carrying out its peaceful evolution responsibilities, they are in the process of planning another specialized station that targets us specifically. At the same time, through movies, publications, even advertisement, they are propagating bourgeois ideologies and lifestyle, hoping to eventually wear down the socialist spiritual guard, like using little strokes to fell the great oak. In the economic realm, our reform and opening up and importation of foreign capital are necessitated by the development of

socialism. It is normal and reasonable for foreign businessmen to want to invest in China and make a profit, but some are doing it for the sake of peaceful evolution. Politically, they are making a big deal out of "human rights" and "democracy" and putting pressure on us, trying to force us to accept the capitalist class's value system and change our ways. Furthermore, they are also using racial and religious issues unscrupulously to publicly interfere in our internal affairs. Their goal is to stir up trouble and "seize victory amid the confusion."

Meanwhile, we should be able to see clearly that in some ways and to an extent we ourselves are bringing on this evolution: Some people, both inside and outside of the party, are corrupt, and unhealthy tendencies have become a social issue. These not only have undermined the masses' trust in the party but can be used as an excuse by the hostile forces against us. The rules and regulations of the commodity economy are governing society, corrupting the party, changing some people's world outlook, and causing widespread individualism. Backward and evil social phenomena have sprung up and spread everywhere; the dregs of society are surfacing, and feudalism, superstition, and the six evils are polluting society and jeopardizing public safety. Under the influence of bourgeois liberalization, some intellectuals' world outlook and value outlook have been distorted, and their thinking has deviated from the correct course. Some people no longer aim to serve the people and no longer consider it their responsibility to society. We can cite many more examples. These are the seeds of peaceful evolution; some have even become chronic diseases.

To combat and stop peaceful evolution, we must strengthen the economy.

The economic foundation determines the superstructure. If the economy is strong, the country will be strong and the superstructure will have a strong foundation, and then we will have the power to combat and stop peaceful evolution. To strengthen the economy, first, we must enliven the large- and medium-sized state-run enterprises, so that they are truly dominant and play a dominant role in the national economy. We must promulgate proper general and specific policies toward the private economy, so that these economic components are only supplementary and play a supplementary role. If we give the private economy unlimited preferences, if our policies skew too far in their favor, beyond a certain point, there will be many adverse effects. In particular, the state-run economy will be compromised and will not be able to compete with them on equal footing and may be ruined by them; politically, they may fight with us over the right to speak up and to make decisions; with respect to management, they may adopt some capitalist practices; with respect to allocation, they will damper the productive enthusiasm of workers in the state-run enterprises; with respect to world outlook and value outlook, they will try to corrupt and change us.

The most important step in combating and stopping peaceful evolution is to strengthen the party.

1. We must have strict party rules and vigorously tackle the problem of corruption. Under the conditions of the commodity economy, we may not be able to eliminate corruption all together, but we must keep it in check as much as possible and cannot allow it to run amok.

2. We must require the cadres to learn more about Marxism and Mao Zedong Thought. Cadres who are not familiar with the Marxist theories are without the "foundation" for upholding socialism, and they will not be able to defeat the enemies with theories. Thus, I suggest that the cadres, including the leading cadres, be tested on their knowledge of Marxism, Leninism, and Mao Zedong Thought, so as to prompt the cadres at all levels to study diligently.

3. We must prevent the rules and regulations of the commodity economy from invading our party life, and we must resolve the existing problems. Within the party, we must oppose individualism, separatism, and departmentalism.

4. We must be strict with the party's activities, maintain tight party discipline, and vigorously launch criticism and self-criticism.

5. We must regularly consolidate party organization, rectify workstyle, and correct any improper tendency within the party.

6. We must guarantee that the power of leadership at all levels is truly in the hands of Marxists. This is a determining factor in our seizing victory in the struggle against peaceful evolution.

To combat and halt peaceful evolution, we must also work harder in the ideological realm. We have had many problems in the ideological realm in recent years and have given the Western hostile forces the opportunity to further peaceful evolution, and we have lost much ground. We must carefully review our experience and lessons learned and strengthen our work in this area.

1. We should strengthen the ideology of serving the socialist economic base. In particular, we should establish the socialist value outlook and a moral outlook which makes communism its core content.

2. We must put social benefit in the first place and economic benefit in the second place. This is mandated by the unique characteristic of our socialist ideology. In recent years, many people have reversed the order of these two elements, and it has led to dire consequences. Take the publishing sector, for example. It is not publishing healthy, good books which instill proletariat revolutionary thoughts and education but is printing many books that are of bad taste and even books that are harmful. If allowed to go on, we may lose more ground in our fight against peaceful evolution.

3. We must let socialist ideologies play a bigger educational and guiding role and refuse to pander to some people's unhealthy tastes and needs.

4. We must diligently comply with the guiding principle of the "double hundred" and uphold Marxism's dominant

role and socialist ideologies' leading role. Letting a hundred flowers bloom and a hundred schools of thought contend refers mainly to the fact that the proletarian class allows the existence of different scientific viewpoints and different schools of academic thoughts, but we must criticize the ideologies of the capitalist class; we must struggle against ideologies that are hostile toward us; we cannot be tolerant nor remain indifferent.

5. We must put the doctrine of "taking" in proper perspective and treat foreign culture and China's traditional culture correctly. When we translate or bring in foreign books, not only must we enclose our appraisal of the books, but we should also print critiques in the newspaper. We have brought in many foreign works in recent years, but because we seldom critique those works, some readers, especially the young readers, have been unable to distinguish good from evil and have become slaves to the ideas of the capitalist class. It is harmful to bring in foreign things indiscriminately and recklessly and to fail to appraise them after introducing them.

6. We must provide stronger leadership in the sectors dealing with ideologies. In particular, we must increase the education, administration, training, and examination of cadres in those sectors.

To combat and stop peaceful evolution, we must vigorously banish the "six evils." They are extremely corrosive to society. They are a part of peaceful evolution, and they must be banished. To combat and halt peaceful evolution, we must do a good job in dealing with the intellectuals. We must treat them better, make sure that they have good jobs, and give them ample scope to exercise their abilities. We must strengthen the young intellectuals' education; make it easier for them; give them plenty of opportunities to understand the realities of life; and help them establish a correct value outlook, world outlook, and outlook on life.

We must launch an intense struggle and an effective counterattack against Western imperialism's insults, attacks, and distortions; otherwise the masses who are ignorant of history and of the truth may come to believe and even accept that distorted propaganda. Meanwhile we must pay more attention to the strategy and the art of struggle.

Stay Soberminded and Take Effective Countermeasures—Yao Wang [1202 2598], Deputy Secretary of the Standing Committee of the Municipal CYL [Communist Youth League] Committee

Peaceful evolution is the strategy Western imperialism has adopted against socialism after admitting earlier defeat. The turn to peaceful evolution by the West's at least is an admission of failure in two ways: It is an admission of its failure to use force to conquer socialism and conquer China. It is also an admission that the older generation of proletariat revolutionaries in China is invincible. However, the West will not resign itself to defeat because socialism threatens capitalism's excess profit and rebels against its unreasonable international order. Therefore it has changed its method and has turned to this peaceful

means, hoping to succeed with the third and fourth generation Chinese people in what it could not succeed with the older generation. The recent changes in Eastern Europe let the West think that its strategy has succeeded in some countries, and this has greatly inspired and encouraged them, and so they have stepped up the use of the strategy of peaceful evolution against China.

We must have self-confidence in our struggle against peaceful evolution because in the more than 40 years since the founding of the PRC, we have had great success in political, economic, cultural realms. Of course we should also realize sobermindedly that the real dangers of peaceful evolution still exist. Today, the dangers exist mainly in the following four areas:

First, because China's productive forces are relatively backward and because objectively we do need Western capital and technologies and so on, it has led some Western politicians to think that they can take advantage of us. With increasing contacts between the two sides, we naturally come under each other's influence more. Some of these influences are positive, and some are negative. Inevitably we will compare ourselves to each other and try to infiltrate each other. Risks and successes are also an integral part of the process. Since reform and opening up, our party has on several occasions warned that "the wolf is coming" and has taken a stand against bourgeois liberalization. However, comrades steadfastly refuse to heed the warning. The political disturbance in the spring-summer of 1989 made everybody realize that indeed "the wolf is coming." The changes in Eastern Europe also brought home the reality. Increasingly people are witnessing the real dangers of peaceful evolution.

Second, for a long time China had isolated itself from the rest of the world, and when we opened up suddenly, we were without the ability to pass proper judgement of the outside world or the ability to digest things brought in from the outside, and we appeared rather ignorant. Propelled by the bourgeois liberalist elements at home, Western ideologies seized the opportunity to launch an all-out attack. Our failure, too, to provide adequate guidance has given them a market with some of the young people. At first they worship Western lifestyle; then they worship capitalist political, economic, and philosophic theories; and eventually they accept Western political and economic systems—this is how the seeds of peaceful evolution are sown.

Third, since there is no precedence for our socialist undertakings, it is inevitable that we will make mistakes and fall short in our work. This means we must constantly bring order out of chaos, conduct self-criticisms, and make self-adjustments. The torturous course of socialist undertakings and the unhealthy party and social tendencies have inevitably impaired the party's prestige among the masses; for those who have developed a blind faith in the West, they naturally will rebel against any positive ideological education and will develop a wrong attitude toward, or even exaggerate, the unhealthy party and social tendencies. All these may be used by the West and their peaceful evolution strategy, giving them something they can exploit.

Fourth, our society is not adequately prepared psychologically and our contingent of cadres are not qualified to deal with the complicated international struggle; these two factors also compound the real dangers of peaceful evolution. For several decades Western imperialism has yearned to use the strategy of peaceful evolution against China, but many of our comrades have failed to see the presence of intense international class struggle and its effect on this country. They fail to see the silent progress of peaceful evolution. Our contingent of cadres, because they have not adapted to the complicated surroundings, are not very discerning, and many have been felled by the sugarcoated bullets.

Once we realize the real dangers of peaceful evolution, we should immediately take effective countermeasures. In my opinion, we should focus on the following three tasks:

One, we must focus on society's hot points. If we want to seize the initiative in the struggle against peaceful evolution, we must take hold of society's hot points. First, we must pursue the hot points and keep abreast of society's ideological trends at different times. Two, we must forecast the hot points, understand the masses' ideological tendency and direction and predict what the hot points will be. Three, we must install hot points on our own initiative. A unique characteristic of peaceful evolution is that characteristic of vying with us for the ideological banner. So long as we hold on to our ideological banner, the masses will follow us. The 1990 Asian Games was one of the greatest hot points ever created by the party and the government for all the nationalities. It greatly inspired the Chinese nation's enthusiasm.

Two, we must seize the commanding ground in the ideological and theoretical fronts. Peaceful evolution manifests itself mainly in the ideological realm. Our contention with the Western hostile forces in the ideological realm is mainly to see whose theories can win over the masses. Some grassroots comrades say that we can understand the masses' thinking, but we still cannot convince them. I believe the crux of the problem lies in the failure of the educators to use Marxism, Leninism, and Mao Zedong Thought as theoretical weapons to analyze the practical problems before us today and in our failure to seize the commanding ground in our ideological and political works. It is not a question of the young people being ignorant but a question of our lack of theories to convince them. A few years ago, the party cut back on theoretical studies and propaganda work and even recklessly brought in some Western theories, putting us on the defensive. This situation must be corrected as quickly as possible.

Three, we must build a strong center of resistance. This includes: 1) An economic base: The well-being of China's state-run economy is critical to our seizing victory in the fight against peaceful evolution. 2) A mass base: The struggle between peaceful evolution and counter peaceful evolution in essence is a struggle between two different world outlooks and two different social systems. Whoever is in control of the masses is in control of history. 3) A policy base: In China, "policy and tactics are the life of the party." The success of reform and opening up is the direct

manifestation of the party's many good policies. To a large extent, the complications and problems in reform and opening up are caused by immature and improper policies. Helping the party formulate better policies and laying a strong policy foundation for China is crucial to our long-term peace and stability. 4) A dictatorship base: A strong people's democratic dictatorship is the most dependable base for seizing victory in the fight against peaceful evolution. 5) A core base: We must strive to enhance the contingent of cadres' consciousness about governing and the quality of government. Under siege by the West and peaceful evolution, we must enhance our defense capability.

Zhu Rongji, 'Production Office' Members Profiled

92CM0010A Hong Kong CHAO-LIU [TIDE] in Chinese No 8, 15 Aug 91 pp 14-16

[Article by Yen Jen-k'uan (6056 1804 1401): "Taipei Political Forum Third Generation—Zhu Rongji's Future: Concurrent Minister in Charge of the Economic Commission"]

[Text]The "Production Office" To Be Expanded To Become the Economic Commission

Recently, Zhu Rongji was appointed concurrent director of the newly established "Production Office". The "Production Office", somewhat like the pre-"Cultural Revolution" State Industry and Communications Office, is a coordinating organ over ministries and commissions, taking the place of the former Production Commission. It is responsible for coordinating industrial and communications production of the state industrial and communications system and exercising macrocontrol and direction of industrial and communications enterprises as well as directing the work of all provincial economic commissions (or economic planning commissions) and production commissions.

The functions of the "Production Office" actually are largely the functions of the former Economic Commission. The two "Production Office" deputy directors listed first, Zhang Yanning and Zhao Weichen, were vice ministers of the Economic Commission with Zhu Rongji (1983-87). From this we can surmise that the "Production Office" could be a transitional organization until next spring's convening of the annual session of the National People's Congress [NPC], when the Chinese Communists could

revive the State Economic Commission with Zhu Rongji as vice premier and concurrent minister in charge.

Zhu Rongji is now the vice premier in charge of the industrial and communications system like Bo Yibo was before the "Cultural Revolution." If the "Productions Office" makes a transition into the Economic Commission, it would be quite natural for him to be appointed concurrent minister in charge.

Economic Commission Ministers in Charge: Bo Yibo, Zhang Jinfu, and Lu Dong

The Economic Commission, the Planning Commission, the Commission for Restructuring the Economy, the Science and Technology Commission, and the Education Commission are all comprehensive planning, coordination, and guiding organizations for the ministries and commissions of the general system. In April 1988, when the Chinese Communists held the Seventh National People's Congress, they passed the proposal of State Councillor Song Ping to restructure the State Council and officially abolished the Economic Commission and incorporated its duties into the Planning Commission and other relevant ministries and commissions.

The Economic Commission was established in 1954 by the Government Administration Council, which became the State Council, and abolished it in 1970. The first minister in charge was Bo Yibo. In 1967 he was relieved of his duties and the Economic Commission was in semiparalysis.

In March 1978, Hua Guofeng succeeded to the premiership (in 1980 he was succeeded by Zhao Ziyang) and restored the Economic Commission to be concurrently headed by Kang Shi'en, the vice premier in charge of industry and communications.

In March 1981, Yuan Baohua succeeded Kang Shi'en as minister in charge of the Economic Commission.

In May 1982, State Councillor Zhang Jinfu was made concurrent minister in charge of the Economic Commission.

In September 1984, Lu Dong succeeded Zhang Jinfu as minister in charge of the Economic Commission.

Of the five preceding ministers in charge, Bo Yibo, Kang Shi'en, and Zhang Jinfu were vice premiers or State Councillors of equivalent rank (Bo was promoted to vice premier in 1959); their positions in the State Council were rather high.

Table 1. Table of Principal Members of the State Production Office

Name	Age	Place of Birth	Education	Specialty	Present/Previous Assignments
1. Zhu Rongji	63	Changsha, Hunan	Qinghua University, Electrical Engineering	High-Level Engineer	Alternate Member of Central Committee; Vice Premier and Director, Production Office/Deputy Director, Production Planning Office of Northeast Industrial Department; Deputy Section Head, Planning Commission; Deputy Chief Engineer, Ministry of Petroleum Industry; Section Head, Deputy Bureau Director, Bureau Director, Vice Minister, Economic Commission; Professor, President, Qinghua University Management Institute; Deputy Party Secretary, Secretary, and Mayor, Shanghai
2. Zhang Yanning	64	Shenyang, Liaoning	Dalian Engineering Institute, Chemical Engineering, Later Fieldwork in Soviet Union	High-Level Engineer	Deputy Chief Engineer, Lanzhou Oil Refinery, Chief Engineer in the Great Battle for Sichuan Petroleum; Manager, Beijing Chemical Industry Company; Head, Planning Commission Production Group; Bureau Director, Vice Minister, Economic Commission; Vice Minister, Restructuring the Economy Commission; Minister in Charge, Enterprise Management Commission
3. Zhao Weichen	62	Acheng, Heilongjiang	Qinghua University, Mechanics	High-Level Engineer	Deputy Section Head, First Ministry of Machine Building; Deputy Bureau Director, Bureau Director, Economic Commission Mechanics Bureau; Vice Minister, Economic Commission; Alternate Member, Political Bureau; Deputy Head, State Port Group; Vice Chairman, Guangxi Provincial Government

Source: Compiled by This Publication's Reference Department, 29 July 1991

Table 2. Table of Past Ministers in Charge of Economic Commission

Name	Age	Place of Birth	Education	Term	Post-1949 Chinese Communist Duties
1. Bo Yibo	83	Dingxiang, Shanxi	Shanxi National Normal	1954-1966	Vice Chairman, Political Bureau Financial and Economic Affairs Committee; Finance Minister; Director, Third State Office; Minister in Charge, Construction Commission; Minister in Charge, Economic Commission; Vice Premier; Minister in Charge, Machine Building Commission; Minister in Charge, Restructuring of the Economic System Commission; Alternate Member of the Political Bureau; Vice Chairman, Central Advisory Commission
2. Kang Shi'en	76	Huai'an, Hebei	Attended Qinghua University	March 1978-March 1981	Director, Northwest Petroleum Bureau; Director, Beijing Petroleum Bureau; Vice Minister, Ministry of Petroleum Industry; Minister of Petrochemical Industry; Vice Premier; Minister in Charge, Economic Commission; Vice Minister, Planning Commission; Vice Minister, Energy Commission; Minister of Petroleum Industry; State Councillor; Member, Central Committee; Member Standing Committee, Central Advisory Commission
3. Yuan Baohua	75	Nanzhao, Henan	Attended Beijing University	March 1981-April 1982	Assistant Minister, Vice Minister, Ministry of Metallurgy Industry; Minister of Goods and Materials; Vice Minister, Planning Commission; Vice Minister, Minister in Charge, Economic Commission; President, Chinese People's University; Member of Central Committee
4. Zhang Jinfu	77	Feidong, Anhui	Secondary	May 1982-September 1984	Chairman, Zhejiang Finance Committee; Vice Chairman, Huadong Finance Committee; Secretary, Science Institute Party Group; Vice Minister, Science Commission; Minister of Finance; First Secretary, Governor, Anhui Province; State Councillor and Minister in Charge, Economic Commission; General Secretary, Central Finance and Economics Group; Central Committee Member; Standing Committee Member, Central Advisory Commission
5. Lu Dong	76	Haicheng, Liaoning	University	September 1984-March 1988	Deputy Department Head Northeast Industrial Department; Vice Minister, Minister of Heavy Industry, Metallurgy Industry; Minister Third Ministry of Machine Building; Vice Minister, Minister in Charge, Economic Commission; Deputy Head, Leading Group in Charge of Revitalizing the Electronics Industry

Source: Compiled by This Publication's Reference Department, 29 July 1991

After the Economic Commission Was Abolished in 1988, the Enterprise Management Commission Was Established

After the Economic Commission was officially abolished in the spring of 1988, the Chinese Communists established the Enterprise Management and Direction Commission in July of the same year to perform some of the functions of the former Economic Commission. Its minister in charge, Zhang Yanning, was vice minister of the Commission for Restructuring the Economic System and formerly vice minister of the Economic Commission. One of its vice ministers, Ye Qing, was vice minister of the Planning Commission and former vice minister of the Economic Commission. Yuan Baohua and Lu Dong, former ministers in charge of the Economic Commission, and An Zhiwen, former vice minister of the Commission for Restructuring the Economic System, were advisors to the Enterprise Management Commission.

From the functions and personnel arrangement, it would appear that the Enterprise Management Commission is a "little Economic Commission."

In general there are three levels of State Council commissions. The highest level is made up of the Planning Commission, the Commission for Restructuring the Economic System, the Science and Technology Commission, and the Education Commission; actually they are comprehensive planning and direction organizations with authority over ministries and commissions in the total system. The second level is made up of commissions equivalent to ministries, such as the Physical Culture and Sports Commission and the Family Planning Commission. The third level is made up of looser organized consultative and coordination commissions, such as the Enterprise Management Commission, the Agricultural Planning Commission, the Tourism Commission, the Antarctic Survey Commission, and the Academic Degree Commission, the actual functions of which are narrower than those of ministries.

The Enterprise Management Commission performs only a small portion of the functions of the former Economic Commission and could not replace the Economic Commission. So, the Chinese Communists were forced to establish the State Production Commission.

Cutbacks and mergers or expansions of State Council ministries and commissions have been very frequent. Most recently the "Production Office" replaced the Production Commission, apparently as a preparation for the "restoration" of the Economic Commission. In addition, the implications of "triangular debt" are too widespread and its burden on the economy is great, very much requiring a supra-agency organization to effectively resolve it. So, in the first half of next year, the "Planning Office" and the Enterprise Management Commission could be merged to form the Economic Commission, and the Economic Commission would be given the responsibility for handling the major burden of the "triangular debt."

Zhu Rongji Very Resourceful and Resolute in Managing Industry and Communications

According to Beijing's State Council documents, the "Production Office" "has mastered the necessary control mechanisms" for funds, goods and materials and for imports and exports and has "had proper control" in such areas as prices, credit, and labor.

Zhu Rongji, as concurrent director of the "Production Office", has had considerable real power over the industrial and communications system. Before he was transferred in the winter of 1987 to be mayor of Shanghai and deputy secretary of its municipal committee, he served on the State Economic Commission for a long time as deputy director and director of the Scientific and Technological Transformation Bureau and from 1983 was vice minister for five years under Zhang Jinfu and Lu Dong, respectively. He has experience administering the industrial and communications economy, and he also was willing to take chances and was resourceful and resolute. Because of his success in managing industry and communications and opening new prospects, from the 14th CPC Central Committee he has been a member of the Political Bureau and has accumulated political resources.

[Box, p 16]

Seven Major Functions of the State "Production Office"

Direct Industrial and Communications Production and Manage Enterprises

According to Beijing State Council Documents, the principal functions and responsibilities of the State "Production Office" are:

1. To take part in formulating the annual production plan, goods and materials distribution plan, and transportation plan and to execute and oversee its implementation;
2. To direct the national industrial and communications production effort and to take responsibility for principal linkage and coordination in production, markets, and transportation in the various sectors and regions and their mainstay enterprises and to take responsibility for the critical dispatch of energy, raw and processed materials, and other important goods and materials and to resolve related transportation problems;
3. Within the scope determined by the state for enterprise technology update investments, to take responsibility for drafting a plan for updating enterprise technology and for implementing and readjusting the management of enterprise technological improvement;
4. To direct enterprise management and arrange for enterprises to initiate "double increase, double economy" activities and enterprise staff training;
5. To take part in the examination of imported and exported industrial products and oversee the examination of imported machinery and electrical equipment;
6. To take part in financing and pricing related to enterprise production;
7. To arrange for and coordinate such tasks as production safety, equipment management, and disaster relief. [end box]

Old Colleagues Zhang Yanning and Zhao Weichen Also Collaborate

Zhu Rongji's first assistant in the "Production Office" is Zhang Yanning (64 years old). A top level engineer, after graduating from the chemical industry department of the Dalian Engineering Institute, he went to the Soviet Geluo-ci-ning [2706 5012 5412 1337] Joint Petroleum Enterprise for fieldwork (a similar experience to Ye Xuanping and Jiang Zemin). Later, he worked as a technician in the petrochemical industry in Gansu and Sichuan.

In the late 1970's, Zhang Yanning was appointed to the State Planning Commission as deputy head of the Production Group. In the early 1980's, he was transferred to be a bureau director in the Economic Commission. In 1983, he was promoted to vice minister at the same time as Zhu Rongji and Zhao Weichen.

After the Economic Commission was abolished, he was made vice minister of the Commission for Restructuring the Economic System. Not long ago, he was relieved of his duties at the Commission for Restructuring the Economic System because he wanted to work full-time at the "Production Office."

The second deputy director, Zhao Weichen, was transferred from the Economic Commission to Nanning in 1987 and made vice chairman of the Guangxi Autonomous Region government. Now, at the invitation of his old colleague, he is returning to Beijing.

Zhao Weichen, sixty-two years old this year, was a fellow student with Zhu Rongji in his later years at Qinghua University, studying mechanics. In the 1980's, he attained his credentials as a high-level economist. In 1983 before being appointed vice minister of the Economic Commission, he was deputy director and director of the Mechanics Bureau.

Another deputy director of the "Production Office," Zhu Yuli, was formerly vice minister of the State Education Commission.

The principal members of the present "Production Office" are third generation cadres from the 1980's Economic Commission. Former ministers in charge of the Economic Commission Yuan Baohua, Zhang Jinfu, and Lu Dong were all extremely enthusiastic cadres assisting Zhao Ziyang in promoting economic reform. From Zhu Rongji's appointment and the membership of the "Production Office," the power of the economic reform faction would appear to be "on the ascendancy" in the State Council. This is closely related to the "relaunching" of economic reform centered in Shanghai.

Shanghai Dissident Zhang Weiguo Letter 92CM0035A Hong Kong PAI HSING [THE PEOPLE] in Chinese No 246, 16 Aug 91 pp 5-9

[Article by Zhang Weiguo (1728 0251 0948): "Text of Shanghai Dissident Zhang Weiguo Letter to Wan Li"]

[Text] Zhang Weiguo, formerly director of the Beijing office of Shanghai SHIJIE JINGJI DAOBAO, was re-arrested by the authorities on unspecified charges on 30 July. Without a shred of evidence he was accused of being involved in the activities of the Alliance in Support of Democracy, a democracy organization in Hong Kong.

Zhang Weiguo, 34, was arrested after the massacre of 4 July 1989 and was not released until 12 February this year. In April, an underground publication was uncovered in Shanghai and several people, including Zhang Weiguo and Wang Ruowang [3769 5387 2598], were summoned for interrogation and set free only after over 20 hours of nonstop questioning. Subsequently, Zhang Weiguo was formally expelled from the CPC.

This publication has obtained a copy of the letter that Zhang Weiguo sent to Wan Li [8001 6849], chairman of the Standing Committee of the NPC [National People's Congress], before his latest arrest. In the letter, he reiterated his sharp criticisms of China's political and legal reform and its current status. It should be read carefully by all readers interested in the political situation in China.

Chairman Wan Li and All Members of the Legal Work Committee of the Standing Committee of the NPC:

Since reform and the open policy began, China's legal development has made substantial progress. This is beyond dispute, but we must not become complacent and refuse to move forward. We still have some way to go before our legal development reaches the stage where we should be after reflecting on the decade-long Cultural Revolution. In its current state, the legal system still falls short of being able to avoid a second Cultural Revolution in this land. We still have a long way to go before we achieve the goals of democracy, freedom, human rights, and social development. We still have a long way to go before the legal system realizes the goal of modernization. I, for one, think that had China's legal system been sound and met actual social needs, the 4 June events would not have occurred.

Certainly we should also see that the administrative and judicial organs managed to demonstrate a measure of pragmatic rationality in dealing with the aftermath of the 4 June events despite many things which were not totally satisfactory or which should have been better done.

The key question now is how we can elevate such rationality, which we were forced to choose under grim objective conditions, to a universal rationality that we would choose to run Chinese society legislatively, judicially, administratively. The fact of the matter is that rationality should be self-conscious.

As a reporter for the Shanghai SHIJIE JINGJI DAOBAO, I was arrested and imprisoned in Shanghai by the Ministry of Public Security on 20 June 1989. On 12 February 1991 I was released by the Shanghai branch of the procuratorate after it determined that my activities did not amount to "inciting counterrevolutionary propaganda" and decided "not to bring charges against me."

My purpose in recounting this personal experience is to appeal to the law to protect my minimum rights as a citizen. Moreover, analyzing this particular episode will contribute to improving China's legal development in a rational spirit.

Argue Forcefully on Strong Grounds To Demand That the Legal System Be Improved

I was arrested by public security personnel from the Ministry of Public Security armed with a "certificate for detention and investigation" on which "based on an arrest warrant from the Ministry of Public Security" was entered as the reason for enforcement. First of all, as someone who has studied law and practiced law, I knew full well that all my words and deeds were permissible under the law. I was not a criminal. I refused to put my signature on the "certificate of detention and investigation." If there was a crime at all, it was committed by individuals and agencies that condemned an innocent citizen as a criminal, put him on the wanted list, and, abusing their power, had him arrested. Now that the concept of crime in the penal code was mentioned, there must be one real criminal between me and the individuals and agencies that declared me a criminal. It must be one or the other. Last February, the Shanghai branch of the procuratorate determined that what I did did not amount to a "crime of inciting counterrevolutionary propaganda." In other words, in the final analysis the law proves that I was not a criminal. It follows that those individuals and agencies who had declared me a criminal, put me on the wanted list, and had me arrested committed crimes: abuse of judicial power, fabricating charges, and wrongful imprisonment. It is a pity that our penal code is silent on this. To protect the citizen's legitimate rights and interests, to learn the real lesson from the Cultural Revolution, to uphold the principle of operating in accordance with the law, and to punish the real criminals, the penal code must include an additional provision on the crime of fabricating charges with related regulations to "compensate people wrongly accused."

Next I asked the public security personnel to produce the arrest warrant issued by the Ministry of Public Security as well as factual evidence that led to the signing and issue of the said warrant. Pounding the table, the officer in charge told me that it was an internal warrant that could not be made public or shown to me. I told them, "I do not care if it is internal or whether it can be made public. Now you are forcibly depriving a citizen of his freedom on the strength of an arrest warrant, so the warrant has objectively become the legal basis of your actions. An essential attribute of law is its openness anytime and under any circumstances. If the warrant cannot be made public, then it would be within my right to question the legality of the arrest warrant, under which I have been arrested and deprived of my freedom, and reject its legal validity."

Moreover, a major principle of a sound legal system is the "burden of proof." Since the government has issued an arrest warrant on me, it must somehow come up with a charge and, to support such a charge, produce evidence of facts of a crime. I questioned them repeatedly, but all they did was to hit the table and chide my "defiant attitude."

Then they orally declared I was "guilty of inciting counterrevolutionary propaganda." I asked them to produce evidentiary facts, only to be told, "That is precisely what we want to interrogate you about."

According to the principle of "burden of proof," the onus is on whoever accuses me of wrongdoing to produce evidence in support of such accusations. So I pointed this out to the public security personnel there and then, "You accuse me of having committed a crime, deprive me of freedom in the name of the law, and demand that I, having lost my freedom, confess to the crime which you charge me with. If this is not obtaining a confession by compulsion and giving it credence, what is it? The fact of the matter is that you are using Cultural Revolution procedures in the name of the law. During the Cultural Revolution, they locked people up in cow-sheds and interrogated them in isolation. They stripped citizens of their freedom as they pleased. That was dictatorship by the masses, total lawlessness. 'It is right to rebel.' One look and a person with a discerning eye knows right away that it was wrong and reactionary. You do the same thing today but under the cover of the legal system and in the name of the law even as the government keeps on promising to operate in accordance with the law. Not only are you deceiving the public, but by breaking the law even as you are supposed to enforce it, you are creating endless trouble for the future. When he who enforces the law in society does not himself operate in accordance with the law but can do as he pleases outside the bounds of the law, then the legal system of that society will become empty talk in the eyes of the people, utterly worthless. The failure to abide by the law is far more damaging to the legal system than the absence of any law. It destroys the bond of social trust, which is what we need at a minimum if the legal system is to work. In this sense, what is happening now not only destroys the hard-won gains in legal development since reform and the open policy began, but will have an outcome worse than that of the Cultural Revolution—extinguishing the countrymen's expectations of the legal system."

The public security personnel chided me with seeming logic, "Every citizen has the obligation to submit to detention and investigation." The implication was that they would be just as free to deprive me of my freedom in the name of detention and investigation even when they did not have a shred of evidence.

Legal Basis of "Detention and Investigation" Extremely Shaky

As a matter of fact, the legal basis of detention and investigation is extremely shaky: a mere administrative rule in a certain State Council document. A key fundamental legal tenet is that when administrative law conflicts with basic laws passed by the NPC and other constitutional provisions, the latter, being of a higher or of the highest order legally speaking, shall prevail. In judicial practice, however, this principle is being trampled upon and turned upside down. Administrative law, despite its lowly position on the legal hierarchy, often supplants the basic law and the constitution. The upshot is that in the

eyes of some people, the rules and regulations of administrative agencies, which exercise real power, are real and are enforced whereas the basic law and even the constitution are often decorative and not as legally valid as they should be. In spirit, the administrative rule on "detention and investigation" is a special supplementary measure made necessary by the inability of an inefficient Ministry of Public Security to close a case within the time limit required by the penal code. Moreover, it is mainly intended for suspects with unknown identity or place of residence. In reality, however, public security agencies in China have been abusing the "detention and investigation" rule without restraint. Some years ago jurisprudence scholars have already pointed out that "detention and investigation" is a "private plot" reserved by China's public security agencies to infringe upon human rights arbitrarily and expand their own power. On this "private plot," some public security personnel act wilfully, recklessly, and arrogantly with absolutely no supervision or inspection by anybody.

Were the large numbers of students, intellectuals, and citizens arrested after 4 June all suspects with unknown identity or place of residence? No. When there is nothing unknown about the identity or place of residence of the people arrested under "identity and investigation," it is clear that the people who apply that rule are breaking the law and committing a crime. Even more serious is the absence of a statutory time limit for detention and investigation. I was detained for investigation on 20 June 1989 and declared arrested on 20 December 1989. Between these dates, I was imprisoned for fully six months. Wang Ruowang, the famous writer, was arrested after 4 June 1989 and released on bail in late October last year to await trial. For over one year he was detained for investigation. At the Shanghai detention center, I came across many prisoners who had been detained for over one year, including some who were said to have been imprisoned for three to four years, even longer. Here "detention and investigation" has become supra-legal punishment.

Ironically, while I was in jail, I read in JIEFANG RIBAO in late June 1989 that the official Xinhua She criticized the Israeli government for putting into effect a new law in occupied Palestinian territories under which prisoners might be held for over half a year without trial. Can you count the number of prisoners, political or criminal, who have been detained at the lockup in Shanghai and elsewhere in the nation? I, for instance, was stripped of my freedom for almost 20 months without any trial. This was the same Chinese government, the same issue of human rights (or a citizen's basic constitutional rights), yet it applies one standard to Israel, South Korea, South Africa, and Taiwan, but it adopts a totally different one toward its own people, the very same standard that it fiercely criticizes on the international arena for trampling upon human rights? We criticize the governments of some Western nations for using double standard on issues like the Middle East, Israel, and human rights. How come we ourselves also use the double standard? Is it a case of not practicing

what one preaches, or are we, as Mao Zedong said, "applying Marxism-Leninism to others and liberalism to ourselves?"

Revoke the "Detention and Investigation" Regulation of the State Council?

Chairman and Legal Work Committee, I hereby solemnly propose that the State Council document containing the provision on "detention and investigation" be repealed, that the power of public security authorities to invoke "detention and investigation" be abolished, and that the entire process of handling a case and bringing it to trial be put on a legal footing and under the supervision of the law and public opinion. (Lawyers should be allowed to take part in defense from the very beginning of a case) and public opinion. Considering the fact that it will be some time before the quality of public security agencies can be upgraded and in order to avoid affecting their normal casework, we may for starters draw up a timetable for phasing out "detention and investigation." Between now and the time "detention and investigation" is done away with, its targets must be strictly limited and the time limit stringently adhered to. Moreover, "detention and investigation" must be brought under the supervision and oversight of the law and public opinion. In view of the actual ability of public security agencies to handle a case and the practical needs of society, another compromise is for the legislative body to amend and supplement pertinent provisions in the Criminal Code. To me, whether or not the detention and investigation regulation will be annulled is an important barometer of whether the human rights situation in China will improve. I do not know what you lawmakers think.

The penal code explicitly specifies the time by which a detainee must be brought to trial after his arrest. But in my case, almost 14 months elapsed after my arrest on 20 December 1989 before they announced on 12 February this year that "no charges would be brought against me," longer than the time limit stipulated in the Criminal Procedural Law. Many a time I told public security personnel handling the case that it must be brought to a close within the period specified in the Criminal Procedural Law. Violating the procedural law is like violating the implementation law. Both are illegal. Ignore the procedural law and there can be no legal system.

The public security personnel in charge said in a well-rehearsed voice, "do not worry. We follow legal procedures." I asked them to show me such procedures—a document in which the NPC approves an extension of the time for closing a case. He replied, "Your lawyer will see it in the folder in due course. We can guarantee that everything we do has a basis in the law." I argued that detaining me for trial beyond the time limit laid down in the Criminal Procedural Law had no legal basis and constituted an infringement upon my legitimate rights and interests. The fact that the public security official in charge was unable or unwilling to produce a document testifying to the legality of their conduct only lent additional support for my judgment.

So I began making reports to the prison inspection personnel stationed at the lockup, demanding that procuratorial agencies exercise legal supervision over public security personnel to protect my own legitimate rights and interests. Only several months after my report did the inspection personnel give me a legal consultation form, telling me to put my request down in writing on the form. I was told that they would schedule a time for them to talk to me. However, for over six months after I filled out the form carefully, no prison inspection personnel ever talked to me or listened to my charges. This made me and a majority of fellow detainees suspect that prison inspection personnel, prison guards, and public security personnel were the same bunch of people. Despite the minor differences in their uniforms, the prison inspection personnel clearly acted in collusion with the prison guards far more than as a watchdog and supervisor.

While I was in prison, I saw with my own eyes how detainees were beaten, made to wear instruments of torture, and isolated in the most airtight and filthiest places of confinement where they were physically punished just because they loudly reported to the prison inspection personnel (on the refusal of some doctors to treat prisoners, the refusal of prison authorities to supply water on a hot sultry day, or on the failure by the authorities to put them on trial within the statutory time limit, so on and so forth.) It was too horrible a sight. Meanwhile not a single prison inspector turned up.

While I was in prison, I heard with my own ears the warden of the lockup conducting propaganda and education in the law over the prison broadcasting system, accompanied by prison inspection personnel. We can say the two thought alike and marched in a goose step. Certainly, there was not much in the substance of the broadcast itself that could be criticized, but the point is that I and my fellow detainees could not figure out the differences between the duties and functions of prison inspection personnel and those of the instructor in ideological and political work at the lockup. Had they explained to the detainees their own responsibilities and how they would protect the detainees' rights and interests and restrain the illegal conduct of prison authorities and public security personnel, that would have been forgivable. The problem is that the prison inspector acted as a lawyer who helped the public prosecutor criticize its own client in court. What practical function does he serve? We must understand that the substance of a real legal system must be reflected in its concrete form. When a prison inspector damages the form advertently or otherwise, he is effectively destroying the legal system itself.

Detainees' Legitimate Rights and Interests Should Be Protected

A copy of the "prison regulations" promulgated by the Shanghai Public Security Bureau in May 1989 was posted in every cell at the municipality's No. 1 lockup. The vast majority of the rules contained prohibitions the detainees must comply with but there was one provision that said that detainees' legitimate rights and interests would be

protected under the law. Well, then, what are my legitimate rights and interests as a detainee, and how are they protected? I posed this question to the public security officer handling my case, the warden, and the instructor in ideological and political work at the lockup. They only stared at me, thinking to themselves, "Why would anyone ask such a strange question?" They gave me no answer. As for the prison inspector, who should be obliged to give me a response, he acted as if I were not there.

My understanding is that none of the people detained at the lockup had been put on trial. In a strict legal system, they would not be regarded as criminals; you cannot be a real criminal until the court says so. A suspect who is in detention has his freedom of movement taken away by the law for a set period of time. Other than that, his rights should remain intact. Moreover, his request to enjoy those rights must be met, for instance, the right to read a newspaper. (One quarter of the time I was in jail, I had no access to newspapers, especially newspapers relevant to my case or similar cases.) Another right is the right to read and study. (At the No. 1 lockup in Shanghai, I was denied access to the prison's reading room. One explanation was that the jail block I was in was not a cultural block. When I was upgraded to a cultural cell, I was told, I would be able to read in the reading room. Another explanation was that the books in the reading room were either torn beyond recognition or scribbled with foul language, unfit for human consumption. As a result, the reading room could not be opened. Depending on a detainee's behavior, the discipline office might allow his family to bring him some books purchased from a designated spot along with other articles of daily use during its monthly jail visit. The warden explained that a prisoner could not have his books from home brought into the cell because messages might be hidden in them. There had been cases in which prisoners used this method to send messages.) Another right is the right to study law. (The prison regulations were explicit on this point: every detainee must study policies and the laws in earnest. However, even though I repeatedly asked for permission to have my family bring me books on criminal law, criminal procedural law, constitutional law, and related theories, I was turned down every time by the prison authorities.) Another right is the right to receive timely medical treatment. Health care at No. 1 lockup was extremely poor and appeared to be getting worse and worse while I was there. In 1989, a doctor would make the rounds each morning, Sunday excepted, opening the tiny window in each cell and asking if anybody had anything wrong that he would want the doctor to see. There were a dozen or so prisoners in each cell, but the doctor could only see three people each time. Anything more than that, and he would slam the tiny window shut impatiently and resolutely, cursing the detainees at the same time. Those detainees who were sick but did not get a chance to see the doctor were left hollering. After 1990, the prison authorities, citing budget cuts and insufficient funds, decided that the doctor would make the rounds weekly. You often heard in the cells the wretched and even horrifying wailing of ailing inmates denied timely medical attention. Under lockup regulations, the doctor would only take care of acute cases,

normally not chronic diseases. As the doctor told the disease-stricken, "You got the disease outside, so why should you be treated here?" The detainees called their doctors "veterinarians." Medical treatment was better at the secret prison where I was jailed later in the western outskirts of Shanghai. I was able to get such medications as danshenpian and shexiang xixinwan for my heart disease, drugs unavailable at No. 1 lockup. A couple of months before my release from that jail, the doctor there had kindly prescribed these two drugs for me. Still I fainted twice during this time because of my weak heart. I asked to be sent to the Shanghai municipal prison hospital for a check-up but was turned down.) Another right is the right to be let out for exercise. (In my 20 odd months of detention, I was really let out just once and then only for a brief 20 minutes. In one of the books I read in prison, I came across an old CPC soldier talking about the time he spent in the jails of the Wang puppet regime and the KMT [Kuomintang]. At that time prisoners were let out to exercise twice a day, in the morning and in the evening. Family members were allowed to bring food and articles of daily use right up to the iron gates outside the jail. Time and again I approached the instruction office and the warden asking to be let out. Face to face they all agreed to consider my request but invariably nothing happened. I have heard that at No. 1 lockup only prisoners in the cell blocks facing north had a chance to be let out for 20 minutes once every month in winter. During other seasons, the opportunities to be let out were significantly less. This is also true for inmates in cell blocks with a southern orientation. The lack of space for exercise, severe prison overcrowding, and lack of staff certainly played an important part in this, but so did the low management standard at the lockup. For a while I was detained in a cell across from the courtyard where prisoners were let out to exercise. According to my crude calculations—I could look outside the window of my cell and see the yard—about three-quarters of the time, not counting rainy and snowy days, the space was unused.) Another right is the right to correspond and meet with one's family members and lawyer. (The issue of "burden of proof" has been noted above. A suspect under detention should have the right to collect evidence that is favorable to himself and can prove his innocence. The defendant should be free to produce evidence showing that he is not guilty in a court of law. When a person's freedom of action is restricted, it should be within his right at a minimum to ask his lawyer to gather evidence proving his innocence. Another expression of the spirit of the law is to give equal time to the defendant and plaintiff to gather evidence favorable to themselves. As I see it, this is also a sign of the principle that we are all equal before the law. Accordingly, the right to meet with one's family and lawyer and to correspond with one's family is an inalienable right. Furthermore, the Criminal Procedural Law stipulates that the defendant has the right to gather evidence that may prove his innocence. What is inexplicable is that these days a convicted criminal that has been sentenced is allowed to meet with his family members or write them a letter at least once a month, while citizens that have yet to be convicted of any crime have been deprived of similar rights. Is that not ridiculous? I

asked the leaders of the lockup to send out for me the letter of appeal I had written to the legal work committee of the NPC only to be told that they could hand it to the officers but not send it out directly. Yet the letter precisely criticized the officers for their failure to act in accordance with the law. Who gave the lockup the authority to prevent me from appealing to the NPC? One good-hearted instructor tried to talk me out of it, saying, "What is the use of writing this stuff? Will they get it?" However, it is my legitimate right to write a letter of appeal like this. Moreover, the fact that I wrote it testifies to my expectations of the power organ, the NPC. If even the highest law-making body in the land fails to meet such expectations on the part of the citizenry, then one can hardly be optimistic about the future of China's legal system.

Law-Enforcement Personnel at Lockup Disregard Human Rights

Detainees have numerous other rights, all ignored by the law-enforcement personnel at the lockup. Law enforcement personnel simply think nothing of the detainees' rights and even trample upon them at will. Almost none of the rights mentioned above has been implemented. According to my observations, moreover, it never occurred to the lockup authorities to allow the detainees to enjoy what were their very own legitimate rights. On one occasion, the warden lectured the detainees thus in a broadcast, "You are human and you are not human. You are human because you have the thoughts and feelings of normal people. You are not human because you have deviated from social ethics and broken the law." Conclusion: Detainees, who have deviated from social ethics and broken the law, are not human. Why protect the human rights of a person who is not human?

The lockup is but a law-enforcement body. Where does it get the authority to take away from a citizen in the name of "the necessity of work" his legitimate rights and interests granted to him by the constitution? Each year NPC deputies carry out a routine inspection. I suggest that NPC deputies not leave out this "forgotten corner." Moreover, instead of contenting themselves with a hasty cursory look, they must seek out different kinds of detainees for an in-depth investigation. The lockup or the prison is like a school. Teachers here can be lawless. If the law is not as authoritative as it should be here, then a day will come when the students, reentering society after regaining freedom, pay the law back with doubling their destruction and defiance.

As an intellectual, I did not give up a single chance to jot down every thought and every feeling I experienced while I was in jail. For over a year I quietly made notes on what I read and kept a prison diary, besides putting together a manuscript or two. All that was seized by the prison personnel when they inspected and searched the cells. After repeated representations to the leaders of the lockup, I was told by the warden and the instructor that the documents were in their safekeeping and would be returned to me after I was released from jail. Well, I have been out of jail for over four months now but have not yet seen any sign of them.

While he was in the czarist prison, Lenin wrote a monumental classic. While I was in prison, my diary was seized. It is hard to tell whose human rights record is better.

"Fellow Sufferers" as Informers, Keeping Watch Over Prisoners

Later I gradually discovered that the prison came to know that I was writing notes, diary, and manuscripts because my fellow cell mates were informing on me. Perhaps the authorities considered me an "important criminal" and picked my fellow cell mates with meticulous care. Actually they were convicted criminals who already had been sentenced. Such people, whose sentence usually is under five years, could be found in a majority of cells at No. 1 lockup. They were handed over to the authorities by the Shanghai reform-through-labor bureau. At the lockup, prisoners who have been sentenced can be divided into three groups. The first group consists of those who work in prison-run factories. Lockup No. 1, for instance, operates a towel factory. The place in the western outskirts of Shanghai where I was locked up later owns a chicken farm. The second group is engaged in "labor," people skilled in plumbing, electrical work, and carpentry who spend most of their time maintaining prison facilities. Also in this group are female "laborers" who specialize in washing the bedding and clothes prison guards bring from home, in fetching drinks and food to prisoners in the cells, and in general cleaning. And then there is the third group—spies in the cells, commonly referred to as "hooks" and "spoons." Besides making routine reports to the prison instructor on the situation within the cells in compliance with the demand of the prison authorities, they pay special attention to "important criminals" like myself, "targets," as they call us, about whom their reports are naturally more detailed. What you think, what you say, what you write, what you do—just about every move you make, every word you utter—comes under their close surveillance. Here is what the spies get for their trouble: being able to receive better and more food and articles of daily use from family members and to meet with them each month for several-fold the amount of time allowed under Shanghai prison regulations. In addition, he can get out of the cell to smoke each week on the pretext of being interrogated, and smoking is considered the height of enjoyment among detainees. Even more important, once his informing is considered "meritorious service" by the authorities, his sentence would be reduced. For instance, I met a convict whose sentence was cut from three years to a year and a half after performing a deed of merit by informing. Such a prospect is highly appealing to convicted criminals serving short sentences. Many of them (actually the bulk of them) had pulled strings to get into No. 1 lockup to serve their sentence.

Spelling Out Clearly the Rights and Interests of Detainees

On the surface, Chinese law does not specify explicitly how a criminal should serve his sentence. There is nothing necessarily wrong about having criminals who have been sentenced help maintain order in jail. Besides, all this is decided and carried out secretly. In terms of strict legal

principles, however, there is too much about this practice that is questionable. All detainees at the lockup are suspects who have not been sentenced. Their civil rights are far higher, far more extensive, and far more comprehensive than those of a criminal who has been convicted. To put people who have no rights in charge of those who have higher or more rights seems to be getting our priorities wrong, whatever perspective you take. If this is a characteristic of prison management in China, then it is so ludicrous that one does not know what to make of it. Similarly, when the government puts criminals in charge of political prisoners, the former referring the latter as objects of management, the principle of justice, which the legal system should embody, will vanish without a trace. This is precisely what goes hand in hand with the ignorance of this society and its lack of democracy and freedom. I feel a touch of sadness about China's legal system.

It is proposed that the NPC spell out clearly how a criminal who has been sentenced should serve his term as well as the legal rights and interests of detainees in a lockup.

After the fall of the "gang of four", the management of prisons and lockups in China did improve for a while. The authorities called on prison guards to treat detainees and criminals serving their sentence in the same way that parents treat their children, teachers treat their students, and doctors treat their patients, helping them to change by persuasion and redeeming people who have gone astray and turning them into new people. Following the campaign for swifter and more severe sentencing, the "three treatments" came under criticism as the bourgeois theory of human nature and bourgeois humanism. Moreover, the abnormally heavy sentences handed down in a number of celebrity lawsuits has touched off antagonistic feelings between detainees and prisoners serving their jail terms. A popular saying in the jail these days goes like this: "Confess and you will be treated leniently; you can spend the New Year at home. Do not confess and you will be treated severely; you can spend your entire life in jail." Most people think that their imprisonment and sentences are unfair. Once they get out of jail, they swear they will commit more and worse crimes to recoup their losses until the shot is fired (that is, until they are executed.) I think this explains the deterioration in the law and order situation and the rise in crime rates in China in recent years.

According to modern criminological sentences, sentencing should follow a scale: the punishment must fit the crime. If the scale is not adhered to properly and sentences are either too severe or too lenient, there will be more legal confusion, which will do social stability no good. After all, the notion that "in troubled times, impose harsh sentences" has become an antiquated feudal theory. Grafted onto the contemporary legal system, it clearly does more harm than good.

Law Enforcement Personnel Oppressing People With Pre-Cultural Revolution Methods

During my 20 months in jail, nothing impressed me more than these few words from the public security officers, "We will be responsible only for the things you mentioned, you wrote, and you did, but it will be up to the leaders at

a higher level to determine the nature of your case." This point was made over and over again to me by the public security personnel in charge during my trial. Actually, the facts had been ascertained and the law is in the books. If only the public security personnel could really take facts as the basis and the law as the criterion, the nature of the case should have been crystal clear. Why then did we have to wait for the "leaders at a higher level" to determine the nature of my case? This proves that in the real world of adjudication, there objectively still exists an authority higher than the law. The question is which is higher, authority or the law? That question has been debated for over a decade and still has not been resolved. The top government leader proclaims judicial independence at press conferences, but I have exactly the opposite feeling. Be that as it may, I would still love to believe that what he says is true, if not as a statement of facts for the past and the present, then as a promise for the future.

To sum up these feelings, I am convinced the greatest drawback of China's legal development today is that people who enforce the law are still implementing the law and administering justice in the same spirit that they executed party policies in the pre-Cultural Revolution days. They often lack a minimum understanding of the legislative intent behind many laws that have been promulgated, and they often badly distort a law in the course of implementation. The result is that many laws with proven effectiveness overseas, once they were transplanted to Chinese society became neither fish nor fowl, something totally unrecognizable,

I believe that legal development, today, has reached a point where it is not simply a question of law-making anymore. Instead what we have to do is to establish and enhance a sense of legal consciousness among the whole

people, particularly the rank-and-file law-enforcement personnel. The government's campaign to popularize legal education, for instance, should devote itself primarily to intensifying the legal consciousness of the entire citizenry. If we do not do a good job here, then China's legal system will become an empty shell devoid of a spiritual core. It will not be able to carry out its normal functions and may achieve just the opposite results.

As I was writing the letter, a limousine from the public security authorities waited outside my house for two days. Inside were five husky fellows who said they were public security personnel, but there was no "GA" on the car's license plate. Most people would think it was from the national security authority. They failed to produce any legal document but said they wanted to talk to me. I felt that they were harassing me and constituted an infringement upon my legitimate rights. I decided to ignore them for the time being. I have too many things to do. Talking to them will not only affect my mood but will also seriously disrupt my normal working schedule.

It is in this plight that I write this letter to the chairman and the committee in the hope that law-making organs would punish behavior that disrupts citizens' normal life through regular channels with the rationality of the law so that judicial organs truly live up to their responsibility of protecting the legitimate rights and interests of every citizen. Should that come to pass, there is still perhaps a ray of hope for China's legal system. There can be no legal development without rationality. The law should be supreme.

Zhang Weiguo, a Shanghai citizen

In haste, 28 June 1991.

NATIONAL AFFAIRS, POLICY

Economic Reforms Move Forward

92CE0089A Chongqing TIGAI XINXI [SYSTEM REFORM NEWS] in Chinese No 17, 5 Sep 91 pp 2-5

[Article by Peng Sen (1756 2773), affiliated with the Unified Planning and Pilot Project Office of the State Restructuring of the Economic System Commission: "China Is Deepening Reforms Steadily—A Summary of Reforms During the First Half of 1991"]

[Text] *Synopsis: This article presents an overview of China's current reforms. The author outlines new successes that have been achieved in deepening and developing all areas of economic reform during 1991, reports on the new reform features that have been launched systematically, moved forward in an orderly way, and developed steadily under the guidance of Central Committee policies and plans, and raises issues that need to be resolved through further deepening of reform. The article is full of lessons that will give a clear understanding of the situation, build confidence, and help us to do all that we can to accomplish our reform tasks during 1991 and the Eighth Five-Year Plan.*

Since the National Working Conference on Economic Reform (NWCER) in February 1991, the concerned departments and all areas have taken conscientious steps to implement its two documents of "The Program for Economic Reform During the 10-Year Program and the 'Eighth Five-Year Plan'" and "The Economic Reform Agenda for 1991" ("Agenda"), which have strengthened reforms and achieved the following new advances in deepening of reform:

I. All Areas Have Paid Attention To Passing On and Acting in the Spirit of the NWCER. They Have Combined Theory With Practice, Summed Up Experiences, Drawn Up Plans, and Implemented Measures, Which Have Brought to National Reforms a New Momentum; the Key Features Are as Follows:

1. The leadership has emphasized prompt implementation. Since the "Proposal" of the Seventh Plenary Session of the 13th CPC Central Committee once again set forth in full our reform directions and tasks, the macroclimate for national reform has warmed up steadily. The NWCER discussed and approved medium- and long-term reform programs for the first time in our 12 years of reform, which was a great encouragement to comrades in all areas. Sun Weiben [1327 4850 2609], secretary of the Heilongjiang Provincial CPC Committee, said at a meeting of the Standing Committee of the Heilongjiang Provincial CPC Committee that, as the NWCER came off so well that it must be passed along not as an ordinary meeting, but rather as one that found solutions and restored prestige, it must be passed along and well implemented. Comrade Zhu Rongji, who was in Shanghai at the time, said that this NWCER was so important that Shanghai must pass it along and implement it level by level and, instead of working at its programs in "bursts," work at them steadily and make solid advances, in order to put them into effect item by item. In the two months after the NWCER, most provinces and cities, such as Sichuan, Fujian, Henan,

Liaoning, Guangxi, Guizhou, Jiangxi, Jiangsu, and Ningxia, held working conferences on economic reform, at which key provincial and municipal party and government leaders spoke.

2. Theory has been combined with practice, by emphasizing priorities. All areas have generally drawn up 1991 economic reform agendas for their areas based on their respective realities. Most provinces and autonomous regions have also summed up their experiences, by drawing up medium- and long-term economic reform programs suited to their respective realities. Various areas have set differing priorities for their 1991 reform tasks and plans. Shanghai Municipality has set the five reform priorities of housing, staple and nonstaple food pricing, a social insurance system, invigorating large- and medium-sized enterprises, and banking. Sichuan Province has emphasized invigorating large- and medium-sized enterprises as its key link, focused its efforts on improvement and advancement of steps already taken in order to reform and open up to the outside world; given attention to more complete and coordinated reforms, and taken a new approach to its changeover of economic system and operating forces. Anhui Province has focused on rural reform, while pushing forward with enterprise, circulation, and housing reforms.

3. Leadership has been enhanced by emphasizing coordination. The governments of provinces (autonomous regions), such as Jiangsu, Guangxi, Henan, Shandong, and Heilongjiang, have all issued documents to further clarify system reform committee duties, and have emphasized doing a good job of reform coordination. Heilongjiang Province has provided for deputies in 11 concerned departments to hold concurrent posts as economic reform committee members. Places, such as Xinjiang and Suzhou, have changed their economic reform offices to economic reform committees, which has enhanced their reform organization and leadership. While certain special agencies of the State Council, such as the Ministry of Metallurgical Industry, the Ministry of Energy Resources, the Ministry of Water Resources, the Ministry of Textile Industry, the Ministry of Construction, the State Land Administration Bureau, and the State Administration for Industry and Commerce, have planned their reform tasks according to the spirit of the NWCER; some have moved too slowly, and others have not acted in the spirit of the NWCER.

II. The Work on the Second Round of State-Owned Enterprise Contracts Is Basically Finished.

Incomplete statistics on the 28 provinces, autonomous regions, and municipalities, and the seven planning-agenda cities, show that over 90 percent of budgeted industrial enterprises are practicing contract management. The 33,312 whose contracts expired before the end of 1990 account for 90 percent of contracted enterprises. With the exception of the few enterprises that are conducting pilot projects in the separation of taxes from profits, the 32,511 enterprises that should have signed the new round of contracts account for 98 percent of enterprises whose contracts expired. By the end of the first quarter of 1991, over 95 percent of enterprises had signed the new round of

contract management contracts, so that the job of dovetailing the two rounds of contracts is basically finished. Experiences have been summed up in the new round of contracts, and the following additional improvements and developments have been made:

1. *A mutually complementary comprehensive target system has evolved widely in all areas.* By establishing an economic efficiency target based mostly on profits, a reserve development target based mostly on technological upgrading, and a management target based mostly on improved enterprise proficiency, the Ministry of Construction has improved its wage system that was based on per 100 yuan of output value, gradually popularized the experience of Lu Buge [7627 1580 7245], and transformed certain construction businesses into intellect-intensive, totally contracted enterprises.

2. *The methods of setting contract bases have become diversified, and more scientific and rational.* Provinces, such as Jilin, Guangdong, and Shandong, are using a graded, progressive optional method, setting pay grades according to differing contract bases, and using various reward methods, which has aroused the initiative of contractors. When Zibo City used this method, enterprises actively opted for high-base contracts, and the job of signing contracts throughout the city was completed successfully in less than 40 days.

3. *The makeup of contract managers has remained fairly stable.* In Sichuan Province, 80 percent of enterprises were contracted by their former managers.

4. *As the contract switchover occurred during the period of rectification of the economic order, the contracts have varying expiration dates, and contract bases are quite different in various areas.* Contract bases have increased 5.5 percent nationally, and over 10 percent, up to as much as 30-40 percent in some cases, in provinces and cities, such as Beijing, Hunan, and Yunnan. A few provinces and cities, such as Liaoning, which have had more difficulties with their second round of contracts, have lowered bases. The 1991 contract base of 78 million yuan for budgeted industrial enterprises in Shenyang City was only one-third of its 1988 base of 235 million yuan.

III. The State Council's 11 Measures To Invigorate Large- and Medium-Sized Enterprises Are Being Implemented.

Surveys show that the following three measures have already been implemented: 1) There has been an increased investment in upgrading enterprise technology, with the 5-billion-yuan in bank loans for upgrading technology being already basically in place; 2) bank loan interest rates have fallen since 21 April 1991; 3) all areas and sectors have slanted their priorities toward the 234 "double-guarantee" enterprises throughout the country in areas, such as power, materials, transport, and funds.

The following six are being implemented: 1) The Ministry of Finance, the State Planning Commission, and the Production Commission are speeding up by 10-30 percent the rate of depreciation on the production equipment used in

product production lines by 896 key large- and medium-sized state-owned enterprises, and exempting the increased depreciation funds from "two-fund" payments; 2) a list of enterprises from which a percentage of increased new product development funds will be deducted has been drawn up gradually, and is now awaiting examination and approval by the Ministry of Finance; 3) enterprise circulating funds are being supplemented, and accounts are still being settled for 20 billion yuan in enterprise self-supplementation and 10 billion yuan in supplementation by Central and local governments; 4) about 100 large enterprise groups are being selected to conduct pilot projects by stages and in groups, and the State Council has already drawn up a tentative list of the first batch of 55 enterprise groups, in which pilot projects are being conducted one by one; 5) the State Council has called a special working conference to control the "three arbitrariness," and called on all parties to make a coordinated effort to achieve results in conscientiously lightening enterprise burdens within six months; 6) the State Council has called a special working conference to solve the problem of enterprise "triangular debt," and is clearing up such debts faster in accordance with the five measures proposed by Comrade Li Peng during an inspection tour of Anhui Province.

And the following two have not been implemented yet: 1) cutting back on directive planning, in order to give enterprises more authority to market their own products; 2) granting foreign trade decisionmaking power to certain large enterprises.

Moreover, provinces and cities, such as Sichuan, Tianjian, Jiangsu, Liaoning, and Beijing, are conscientiously implementing the "Enterprise Law," clearing away documents that conflict with it, and issuing a number of local policies and measures to invigorate enterprises. Of course, progress and implementation are varying by area;

IV. Enterprise "Separation of Taxes From Profits" and Shareholding System Pilot Projects Are Being Summed Up and Improved.

As to the "separation of taxes from profits," since Chongqing, Xiamen, and Yiyang, Hunan took the lead in this reform in 1988, 27 provinces and cities (including planning-agenda cities) have chosen 1,900 pilot project enterprises, of which 1,368 have been approved by the Ministry of Finance, and over 500 have been approved by localities. In order to push forward with this reform, the concerned areas and sectors are summing up and improving the methods of these pilot projects, so that they can be expanded steadily.

As to shareholding system pilot projects, the spirit of State Council documents was followed to focus efforts in the first half of 1991 mostly on doing a good job of completing pilot projects in the two cities of Shanghai and Shenzhen in issuing and marketing stocks to the public. Having enhanced leadership and control and perfected basic laws and regulations, Shanghai now has 22 enterprises (up from 7) that are ready to market new groups of stocks, and Shenzhen has 13 (up from 6). In addition, provinces and cities, such as Shanghai and Fujian, are conducting other shareholding system pilot projects as follows: 1) they are

practicing shareholding systems in newly organized group corporations; 2) they are setting up mixed Sino-foreign shareholding corporations; 3) while issuing local currency (RMB) stocks (A stocks), they are experimenting with issuing foreign currency stocks (B stocks); 4) they are experimenting with turning some small state-owned and collective enterprises into limited-responsibility corporations in which staff members and workers hold the stocks.

V. Much Progress Has Been Made in Circulation System and Pricing Reforms.

As to foreign trade reform, the spirit of State Document No 70 (1990) has been followed since 1 January 1991 to further reform foreign trade operating forces, eliminate export subsidies, and gradually establish a management system and operating forces of "unified policy, equal competition, management decisionmaking power, responsibility for profits and losses, combined industry and trade, a commissioning system, and joint uniformity abroad." As to our experiences during the first half of 1991, although we eliminated foreign trade subsidies and drew down some local burdens, this did not have much of an impact on increased export initiative, and our foreign trade account hitches shrunk. The business volumes of the Guangzhou Export Commodities Fair and the Sudong Export Commodities Fair in Harbin both increased, with exports for the first half of 1991 increasing 18.5 percent over the first half of 1990.

As to grain circulation system reform, following the previous two years of stable procurement and controlled marketing, we began on 1 May 1991 to make a large readjustment in the fixed marketing prices of grain and food oil, which had not changed in 25 years. Grain reform plans in the three provinces of Guangdong, Hainan, and Fujian have gone into effect with the approval of the State Council, which has basically achieved uniform procurement and marketing prices. Attention by party and government leaders at all levels, carefully designed plans, and effective propaganda and organization, made this a smooth price adjustment, while keeping grain and food oil markets stable. As to grain management system, priority was given to popularizing Tianjin's experience in separating policy management from regular management, and practicing dual operations for profits and losses, which reduced public finance subsidies, and improved the management and administration of grain and food oil enterprises. Along with developing primary (retail) grain markets, provinces and cities, such as Zhengzhou, Jiujiang, Wuhu, Hubei, and Jilin, also set up wholesale grain markets.

Various areas have also conducted many valuable studies to invigorate state-owned commercial enterprises. Chongqing began at the beginning of 1991 reform pilot projects in 90 commercial enterprises of "four deregulations," i.e., deregulation of management, pricing, distribution, and hiring. In the first quarter of 1991, these enterprises achieved increases over the first quarter of 1990 of 35 percent in average sales turnover, 48% in profits, 36 percent in tax and profit payments to the state, and 25

percent in staff member and worker incomes. As Chongqing's methods have evoked strong repercussions throughout China, many provinces and cities are now taking active steps to popularize its experience.

All sorts of new market developments have occurred. The capital goods distribution and delivery centers set up in Wuxi, Shenyang, and Shijiazhuang have explored new approaches to socializing material circulation, rationalizing enterprise inventories, and speeding up the circulation of key production factors. With the coordination and promotion of the Ministry of Materials, the No. 2 Automobile Plant has established stable supply and demand relations with 22 steel mills, such as Wugang and Dayegang, which supply it 262,000 tons of beyond-plan, fixed-delivery-point, fixed-quantity, but not fixed-price rolled steel a year, or 80 percent of its needs.

We have also readjusted in 1991 the prices of basic goods and services, such as railway transport, crude oil, and rolled steel. While this increased enterprise costs about 5 billion yuan, it proceeded in a basically smooth and steady way.

VI. An Initial Macroeconomy Has Evolved for Social Security and Housing Reforms.

As to social security reform, we have acted in accordance with the principle of placing rational burdens on the three parties of the state, collectives, and individuals, and have conducted pilot projects in many cities and counties over the last eight years, so that we now have 75 million staff members and workers in state-owned enterprises, and over 25 million in large collective enterprises, covered by old-age insurance. Nationally, 2,220 counties are practicing overall social planning for old-age insurance, and we have begun to set up an unemployment insurance system for staff members and workers in state-owned enterprises. Various areas and sectors throughout China have shown a lot of initiative in promoting social security reforms in 1991 as follows: the Ministry of Civil Affairs is conducting rural old-age insurance pilot projects in 20 counties; the Ministry of Personnel has organized old-age insurance for staff members and workers in enterprises and institutions involving foreign nationals; Henan Province has promoted old-age insurance for self-employed and collective staff members and workers; provinces and cities, such as Hainan and Shenyang have set up social security reform leading bodies, and have made overall plans for the leadership of this reform. State-owned enterprises throughout China now have 9.6 billion yuan in cash on hand as old-age pensions, and the whole society has 1.8 billion in cash on hand as unemployment insurance funds.

As to housing reform, 12 cities and 13 county seats now have such reforms in full effect, and over 300 additional cities and towns are carrying out individual reforms. The housing reforms in Shanghai Municipality, which have attracted national attention, went into effect officially in May 1991. As Shanghai's housing reform plans and detailed enforcement rules and regulations are scientific and workable, they have been widely embraced by residents, who feel that they are a key step in achieving good housing circulation in Shanghai. In addition, provinces

and cities, such as Beijing, Hunan, Jiangsu, Anhui, and Guangxi, have also taken active steps to expand their housing reform pilot projects. In Hunan Province, 64 of 104 counties and cities have launched full or individual reforms, and over 20% of staff members and workers in urban rental public housing are taking part in housing reform. In Jiangsu Province, seven of 11 cities have made plans to put housing reforms into effect in 1991.

VII. New Advances Have Also Been Made in Banking, Finance, and Tax Reforms.

As to banking reform, after readjusting savings and loan interest rates and the RMB exchange rate four times in the preceding two years, certain steps have been taken again in 1991, mostly fine tuning of the RMB [renminbi] exchange rate and lowering again of savings and loan interest rates. Since 1981, China has greatly devalued the RMB four times. The current fine tuning has improved the economic efficiency of foreign trade export enterprises, made it possible to carry out the management reform of making foreign trade enterprises solely responsible for their own profits and losses, and contributed to the establishment of a controlled floating exchange rate. We have adopted a new method of issuing national treasury bonds in 1991, changing from the former method of relying completely on directive allotment of quotas by administrative means, to allowing banks and other financial institutions to contract the purchase and sale of 25 percent of national treasury bonds, which has been very effective, and has been followed with interest in and well received by international banking circles. We have also made new money market advances. Business on Shanghai's stock exchange has been very brisk, with a trade turnover for the first five months of 1991 of 3.28 billion yuan, or an increase of 230 percent over the 970 million yuan for the same period in 1990.

As to finance and tax reforms, the Ministry of Finance is making plans to conduct pilot projects in tax sharing and guaranteed payment in the five provinces (autonomous regions) of Heilongjiang, Zhejiang, Shaanxi, Anhui, and Xinjiang and the three planning-agenda cities of Harbin, Xian, and Chongqing, which are already in the discussion stage. In addition, we have put into effect a "fixed assets investment orientation regulation tax," abolished the former building construction tax, and completed the job of merging the two income tax laws for enterprises involving foreign nationals, which have been approved and officially issued by the NPC [National Party Congress]. These advances show that several years of reform in the area of macroeconomic regulation and control have brought us to pay increasing attention to the use of economic means to regulate economic operations.

While our reform situation in the first half of 1991 was generally good, the following problems still exist:

1. Certain reform measures proposed in State Document No 25 (1991) to invigorate large- and medium-sized state-owned enterprises are still not in place. Except for certain areas that have reduced directive planning for enterprises within their jurisdiction, state-assigned directive-plan tasks still need to be deployed and dovetailed in sectors, such as the State Planning Commission and the Ministry

of Materials. As to the foreign trade decisionmaking power that should have been granted to certain enterprises, a number of applications and reports by various areas and sectors have still not been approved by the Ministry of Foreign Economic Relations and Trade.

2. In the process of invigorating large- and medium-sized state-owned enterprises, while certain enterprises and areas have placed their hopes on more state tax reduction, profit concession, and improvement of external climates, they have not yet focused their attention on changing over their internal management forces, and certain ageing industrial bases and large and mid-size enterprises have still not extricated themselves from their predicaments.

3. Certain reform measures that have already gone into effect have still not gotten onto the right track. One of the more glaring issues is problems with the management, ensured value, and proliferation of various insurance and housing reform funds, which are now being severely misappropriated and misused. In the course of establishing an unemployment insurance system, only 100,000 staff members and workers have been considered truly unemployed, and only 5 percent of the unemployment insurance funds have gone to the unemployed, while as much as 33 percent of them have gone for management costs.

4. Reform developments have been uneven, with retreats instead of advances in some fields. For instance, an overemphasis on stability has made it hard to implement labor and distribution reform measures, and equalitarianism is still rampant within enterprises. Some sectors have encroached on enterprise authority, which has affected local and enterprise initiative.

The State Restructuring of the Economic System Commission is now investigating and studying, summing up experiences, and drawing up a reform program for 1992 while continuing to implement well its 1991 reform "Agenda."

PROVINCIAL

Shaanxi Explores Ways To Overcome Poverty

Governor Inspects Southern Prefectures

92CE0183A Xian SHAANXI RIBAO in Chinese
25 Oct 91 p 1

[Report by own correspondent Yan Zhilin (7051 1807 2651): "Governor Bai Qingcai (4101 3237 2088) Emphasized on His Inspection Tour of South Shaanxi: Explore Ways To Efficiently Run the Enterprises, Activate New Channels of Circulation—Exploit Resources of the Impoverished Areas, Develop Their Economy"]

[Text] "At the present time, party committees and governments at all levels must most resolutely seize the favorable opportunity, must quickly go into action, free themselves from old ideas, rejuvenate concepts, actively explore, and be bold in actual practice. They must give first priority to the implementation of the spirit expressed in the working conferences of the Central Committee and the provincial party committee, and do a truly effective job of running the enterprises, enliven channels of circulation, increase

economic returns, and promote economic development. Impoverished areas must give their utmost attention to economic utilization of resources, with special attention to the basic components of the economic structure. A comprehensive movement for the support of the poor is to be launched. Every effort must be made to accomplish these glorious and arduous tasks that history has bestowed on us." These were the matters that were repeatedly emphasized by Comrade Bai Qingcai, deputy secretary of the provincial party committee and provincial governor, during an inspection tour these days through the three prefectures of Shangluo, Ankang, and Hanzhong.

From 14 to 22 October, Governor Bai Qingcai went right to the township, town, and village organizations and into the enterprises in such counties as Shangnan, Baihe, Pingli, Xixiang, Chenggu, and Nanzheng, and held discussions with a large number of cadres and the masses. He investigated and informed himself of the extent to which the spirit expressed at the work conferences of the Central Committee and the provincial party committee, as well as the relevant documents were being implemented, and also inquired into the economic development of the impoverished mountainous regions.

He said, by now, revitalizing the enterprises and revitalizing circulation has already been decided upon in principle and in broad outline, the policy is also already clear and definite. The task that is now placed before party committees and governments at all levels is: Seize the favorable opportunity most resolutely, go into action as rapidly as possible. Bold thinking, bold exploration, bold practical execution, and bold innovations are required. Go to it courageously, follow through decisively to the successful accomplishment of the tasks of straightening out the enterprises and enlivening circulation. One must not limit oneself to this experiment or that investigation. He emphasized that since policy measures are in place, it is now necessary to give the enterprises freedom to compete in the stormy marketplace; let them fight it out, struggle, create a new situation. We must not always mistrust the enterprises, always think of taking them on our backs to wade through the river. On the other hand, every enterprise must also seize the present favorable opportunity, bravely get into the water and wade through the river by itself. Do not just merely think of wanting to cross while still maintaining fear of the water, do not just merely think of wanting to reform while maintaining a fear of the risks. Revitalizing the enterprises and revitalizing circulation touches on many such problems as rejuvenation of concepts, adjustments of powers, distribution of profits, etc. Many are problems that we have never encountered before, and there is no avoiding some tortuous complications in the process of actual practice. On the basis of general mobilization for widespread action, leadership at all levels must pay special attention to finding model cases, have experiences reviewed and disseminated, so that they may bloom and bear fruit over a widely extended area.

During the investigation of the economic development in the impoverished mountainous districts of South Shaanxi, Bai Qingcai emphasized that importance must be attached

to the construction of the basic components of the economy, and that the movement of support for the poor must be launched most comprehensively. With deep emotions, he mentioned to the local cadres and masses that the impoverished mountainous districts of South Shaanxi had been the revolutionary bases of the past. During the hard years of war, the people here had made enormous sacrifices and made a huge contribution toward victory in the revolution. We are determined to definitely uphold here the idea of service to the people. In the spirit of weighty responsibility toward the people, a responsibility that will be passed on from one office occupant to the next, passed on from one generation to the next, all-out efforts will be exerted to accomplish the glorious but also arduous task history has bestowed on us of supporting the poor and achieving economic development.

In Chuanhe township in Baihe County, Comrade Bai Qingcai went up the Xianggu Temple Cliff, to examine on the spot the terraced fields walled off with stone embankments. Starting from the realities of the situation in Baihe county, he fully endorsed the construction of terraced leveled fields with stone embankments and urged developing the experiences gained in this kind of "stone embankment economy." He said the changes at Baihe make it fully evident that the masses have the great power to transform mountains and rivers and of turning poverty into prosperity. The Baihe experience demonstrates that the most fundamental point in solving the food problem for the people is: Whatever the difficulties, one has to mobilize and organize the masses to prepare the fields, to create arable land, and to improve basic living conditions. If every single person has one mu of basic arable land with a stable yield and applies to it a higher degree of scientific cultivation, this will not only solve the food problem of the masses, but would also enable large-scale development of diversified operations, development of township and town enterprises processing mainly local natural resources, and increase the income of the peasants. In this way, not only would the peasants have food, but they would also have money to spend, and in reliance on their own strength could increase money investments in agricultural production and thus accelerate economic development. At Wawucun village in Chuanhe township, Comrade Bai Qingcai enquired in detail into the educational affairs, family planning, and the living conditions of particularly poor households in the mountainous region. He said, the poorer the locality is, the more attention must be paid to education. Ways and means must definitely be found to have all the little children go to school and study, to make it come about that all peasants will be able to gain more scientific and general knowledge, and be enabled to master additional useful skills. We must energetically step up education as our strategic measure to develop the economy of the impoverished regions and to enable them to extricate themselves from poverty and attain prosperity. At the same time we must earnestly and effectively advance family planning work, and as quickly as possible end the passive acceptance of the fact that "the poorer the people, the more births among them"; the birthrate must go down, material production must go up. As to the livelihood of the

physically impaired, the deaf, mute, maimed, and mentally retarded, the party committees and governments at all levels must rely on the basic-level organizations to make adequate arrangements, provide them with food and clothes, and have their living standard gradually improve in the same way as for the general population.

During the period of his inspection tour, Comrade Bai Qingcai also held many discussion meetings with comrades in the prefectures and counties on the question of developing local industries in the impoverished mountainous regions. He pointed out, the development of local industries must of course be closely linked with the advantages in natural resources in the regions in question, as well as with the conditions of the market, and production must be organized according to the laws of the commodity economy. Otherwise, advantages of natural resources could not be transformed into economic advantages, and it would be impossible to achieve economic benefits, possibly even lead to disadvantages and a millstone round one's own neck. He said, it is very difficult for impoverished regions to raise some money and start a new enterprise and come up with a new project, and frequently they can stand it when it turns out profitable, but cannot afford a loss. Based on these circumstances, when starting an enterprise or a new project, one must definitely always keep one's capability in mind. The suitability of the project must be fully and scientifically proven. The new enterprise and the new project must be profitable, must be of material benefit and do some good for the local economy and the masses. Under no circumstances must one merely go by some sudden inspiration, blindly start on a project, and be overanxious for quick results.

National Conference Lauds Baihe County

92CE0183B Xian SHAANXI RIBAO in Chinese
25 Oct 91 p 1

[Report by Xinhua correspondent Wang Chunsheng (3769 2504 3932) and correspondent Wang Xiaopeng (3769 2556 7720): "The National Conference for the Interchange of Experiences in Economic Development of Impoverished Mountainous Regions Proposed: Go the Baihe Way To Bring as Rapidly as Possible Satisfactory Living Conditions to the Impoverished Mountainous Regions"]

[Text] Studying and disseminating the experiences of Baihe and other places in their endeavors to provide peasants with satisfactory living conditions in most of the impoverished mountainous regions within five years by means of a large-scale buildup of basic fields and the application of scientific methods of cultivation was the common determination expressed at the National Conference for the Interchange of Experiences in Economic Development of Impoverished Mountainous Regions and by all delegates to the conference, which was held at Baihe and concluded on 23 October.

It was for the first time that a national conference for the support of the poor through economic development was held in a county located in an impoverished mountainous region. For the last eight days, an uninterrupted stream of people hurried to Baihe, as soon as they had had the news,

and at the height of the conference, there were—together with the originally designated delegates—as many as 400 people attending the conference. Complying with the directives from Premier Li Peng [2621 7720], and well heeding what Comrade Chen Juncheng [7115 0193 3932], state counselor and leader of the State Council's leading group for economic development of the impoverished regions, said in his important opening speech, everybody thoroughly inquired into the advanced model of multiple field constructions in Baihe County. They also heard the reports on 14 different types of model experiences that included those of Ankang and Shangluo prefectures in Shaanxi province and also those of Baihe and Zhenan Counties. This was followed by an extensive and lively discussion. A common understanding was gained as to how to accomplish the "three-fold outreach" with basic field construction as its core, and how to help overcome poverty and successfully attack this deep-rooted scourge.

The general impression of the delegates was that the present method of combining on-the-spot visits with interchanges of experiences and full discussions was very good and had yielded good results. The Baihe experience was highly appraised by the delegates, who indicated that they would concentrate their time and energy on promoting its widespread application. For a long time, there had been two views and propositions for solving the food problem of the peasants living in these impoverished regions: One was to start out with the construction of basic fields, improve cultivating technology, and carry out intensive operations, thereby raising grain production rate and grain production capability, and thus extricate these peasants from poverty. That would actually mean going the Baihe way of doing things. Another proposition is to develop cash crops, production of forestry and special local products, and go the way of converting to other than grain production. Delegates reached the understanding that the first way would be faster and more successful than the second more "tortuous" way to solve the food problem. History and present practice have proven that the change to other than grain production is feasible on a small scale and for a small proportion of the peasants, but on a large scale and as a stimulus and stable development of the economy in the impoverished mountain regions it would presently be impossible to follow that road. The reason is that "changing from grain to cash crops" makes very high demands on the stage of development of the social economy, on the means of transport, and on the general quality of the peasants. Problems in these areas could not be solved in a short time, while the need to provide satisfactory living conditions for the population of the impoverished regions is something that brooks of no delay. The only feasible way is, therefore, to first undertake the construction of basic fields to eliminate poverty, and only thereafter proceed to the next step. The delegates pointed out that although it is now difficult to organize the masses for the construction of basic fields, there are also favorable aspects, because what the peasants will be constructing will be land for which they themselves will be contracting, so that they will have a direct benefit for themselves from the operation. As long

as the policy is on the right track and organization is carried out competently, a vigorous development is bound to result.

At the closing ceremony on the 23rd, Zhou Wenzhi [0719 2429 2535], vice minister of water resources, presented some excellent ideas in his speech on the overall administration of impoverished mountainous regions, and a report summing up the conference proceedings was given by Yang Zhong [2799 6988], deputy leader of the State Council's leading group for the economic development of impoverished regions and concurrently head of its general affairs office. Yang Zhong emphasized in his report the need to maintain a proper balance between some of the relationships in all work concerning the construction of basic fields, so as to ensure its healthy development.

Yang Zhong said that a proper balance must first of all be maintained in the relation between the development of grain production and diversified cultivation, and we must not proceed according to the motto of the past "take grain as the key link, and chop down everything else," but rather organically integrate, mutually promote, and harmoniously develop "doing cash crops" and "doing grain crops." Peasants with only one skill must be encouraged to actively undertake diversified cultivation, and thus, by contributing money as investments, participate in the construction of basic fields. There must be no forcing all manpower into rigid uniformity of action. Second, a proper balance must be maintained in the relation between construction of basic fields and ecological management; it is in the course of basic agricultural construction that ecological management should be promoted. Third, a proper balance must be maintained in the relation between constructing fields and centralized versus decentralized administration; whatever ought to be organizationally decentralized must be decentralized, and whatever ought to be centralized must be centralized, whatever ought to be kept small-scale, should be kept small-scale, and whatever ought to be large-scale should be large-scale. There need be no hesitation to centralize, but centralization must not be attempted in an indiscriminate way. Fourth, there must be coordination of purely manual labor and skilled labor; we should display the spirit of "the foolish old man who wanted to move a mountain," but must also use scientific methods in planning, organizing, executing projects, and in taking effectiveness into consideration. Fifth, a proper balance must be maintained in the relation between improving the soil and water control. In agricultural production soil is the foundation and water is the lifeblood. There must be an order of priority in respect of soil improvement and water control. Where soil has not yet been improved, such work should first be carried out; after improving the soil, one may proceed to the next step and transform dry land into paddy fields.

Yang Zhong pointed out in particular that a proper balance must be maintained in the relation between state support and self-reliance. An appropriate measure of state support is necessary, but the main emphasis must be placed on the primary contribution of labor and on primarily having the localities concerned raise their own funds.

We must overcome that state of mind that no work be done unless the state provides money, and only so much be done as money is received from the state. Now is the time to broaden the channels of funding, the state, the collective, and the individuals themselves must all pitch in and jointly make a success of these affairs.

Report on Baihe County

92CE0183C Xian SHAANXI RIBAO in Chinese
25 Oct 91 p 2

[Article by Wang Keming (3769 0344 2494): "How To Continue Serving Up the 'Golden Rice Bowls'—Investigating the Need for Water Retaining Forest in Baihe County"]

[Text] To keep the soil in good condition is as important as keeping the granary in good condition, accumulating soil is like accumulating grain. This wisdom is particularly appreciated in Baihe County which is so short of arable land. The 20 years since 1972 have passed almost like one day in uninterrupted soil reclamation, during which time 156,000 mu have been terraced with stone embankments, and last year per capita basic field acreage has risen from 0.062 mu to 0.82 mu. Improvement of the basic conditions of agricultural production have strengthened capability to resist agricultural catastrophes, and the per capita grain production throughout the county has risen from 187.6 kilos to 354 kilos, a fact which earned the county commendations from the State Council and from the provincial government.

The "walling in of fields with stone embankments" has turned into "golden ricebowls." However, what can be done to have the serving-up of these "golden ricebowls" perpetuated? The people of Baihe have figured out that it requires afforestation and greening, so as to preserve the water and soil conditions. Merely keeping the soil in good condition without afforestation will not ensure survival of the basic fields, and there would be no way to sustain the economy of the mountainous regions.

During the past few years, Baihe County consciously integrated the creation of basic fields with the greening of barren mountains and slopes simultaneously. The county administration had given out its afforestation policy in such declarations as "Decision To Accelerate Greening of Barren Hills," "Policy Regarding Intensified Support for the Production of Forestry and Special Local Products," "Opinions Regarding the Furthering of Reform in the Rural Areas," to spur the masses to undertake by contract, with households as units, the proper management of the barren mountains and slopes. As to the present problem of the felling of trees without replanting on mountains that are private plots, and the complete neglect of mountains for which responsibility has been contracted for, the county government, on the basis of investigation and study, has actually carried out appropriate decisions and effected adjustments. It has determined the acreage for contracting according to the capability of the masses to work on these acreages, and has maintained the principle to allocate more mountains as private plots, rather than as

mountains with management responsibility under contract. In economic respects, it has carried out a policy of support, paying a subsidy of 30 yuan for each mu used for raising seedlings, and, in case a continuous tract of more than 100 mu is involved, paying a bonus of 1 yuan for each additional mu. Households that lack capital are helped by loans with interests discounted in advance and by an outright poverty subsidy. To those who were checked and found to be up to the standards in their greening, the county government will issue a "greening certificate," and this will entitle to inheritance, to transfer against remuneration, and to sell the land as growing forest. These preferential policies have aroused the enthusiasm of the masses for creating forests and for greening. Up to the end of 1990, 42,600 households throughout the county had come forward to contract for barren mountains and slopes, 447,000 mu of land have been afforested in continuous tracts, and 1.785 million trees have been planted on odd pieces of land.

In 1990, after Baihe County was listed by the state as an "initiating county" within the "Changjiang shelter-forest system project," the county authorities again started planting trees and creating forests with four townships and one town along the Han River as breakthrough points, maintaining the great mass fervor for the natural environment and climate. In the period of only one year, the afforestation of an area of 147,000 mu was accomplished and had the area praised as "jewel along thousand miles of Han River." In February of this year, it was also assessed as "advanced greening county" of the nation.

For food grain we must rely on preparing fields, for spending money we must rely on utilizing the mountains. Baihe County instituted in a large way the development of basic fields, and after solving the problem of providing the necessities of life, again undertook large-scale tree planting and afforestation. Not only was the county able to control soil erosion and to improve the ecology and the environment, but it made the forests into the main source of income for the peasants. At present, Baihe County possesses 157,000 mu of timber forest, 145,000 mu of economic forest, 189,000 mu of shrubbery, 46,000 mu of alpine rushes, and has become, on an initial scale, commodity base for six types of special forest produce, such as tung oil, dry fruit, fresh fruit, mulberry, chestnuts, and alpine rushes. The average per capita income for all the people of the county has risen from 36.4 yuan in 1972 to 292.9 yuan last year.

As the people of Baihe County are getting to taste the benefits of building fields and afforestation, they are working with increased fervor. The county authorities have recently set new struggle targets: To achieve by 1994 that each person on the average shall have 1 mu of arable field and 2 mu of forest land. We can safely predict that if Baihe County will proceed along this line of action, serving the "golden ricebowls" is ensured for all times to come.

Provincial Agriculture Service Network

92CE0183D Xian SHAANXI RIBAO in Chinese
21 Oct 91 p 2

[Article by Jia Junzhan (6328 6511 2069) and own correspondent Liang Wei (2733 0251): "Shaanxi Province Starts an Agrotechnology Service Network"]

[Text] After several years of preparation, Shaanxi Province has completed the formation of an agrotechnology service network, well linked up horizontally and vertically, a complete entity in its functions, and active at various levels and in a variety of forms. Up to the end of 1990, the province had established 13 county agrotechnology disseminating centers and over 10,000 village-level agrotechnology organizations. Over 22,000 peasant-technical experts are busily engaged in the fields.

In view of the fact that after the initiation of the output-related responsibility system in the rural areas, the agrotechnology service organizations of county and lower levels in Shaanxi Province were in a "broken nets, dispersed personnel, lines cut" situation, the provincial party committee, the provincial people's assembly, and the provincial government came out in 1986 with several resolutions to strengthen the buildup of town and township agrotechnology stations. In an attempt to resolve the problem of living conditions and of the political treatment of agricultural technical experts, they proposed that guiding ideology "be raised at the county level, be reinforced at the township level, and be perfected at the village level." The provincial government furthermore invested over 1.6 million yuan, and the prefectures and counties contributed another more than 2 million yuan, for the establishment and equipment of town and township agrotechnology stations. This agrotechnology organization was established as an independent structure as a base for relevant experiments, equipped with necessary instruments, and as an operational entity. Its services were to extend to all aspects of agricultural production, such as plant protection, seeds, animal husbandry and veterinary services, animal feed, and agricultural machinery, and the organization is thus well endowed for the dissemination of agrotechnology.

To enhance economic strength, departments and organizations at all levels engaged in disseminating agrotechnology, in the spirit of "be firm in your basic activity of disseminating and also carry out cultivation, do a good job at cultivation and also promote dissemination," set up stations in a comprehensive way. They integrated technology applications with the material at hand, and actively initiating a complete range of services before, during, and after actual production. Many town and township agrotechnology stations also took up "supporting technology by means of technology, by means of trade, and by means of industrial activity," and thus took a new road of self-development and self-achieved growth. At present, the agrotechnology disseminating units throughout the province have set up almost one thousand technology-economic entities of different types, some are operating in collaboration with other branches, others go it alone in operating enterprise-type economic entities, mainly

engaged in processing of agricultural byproducts. In this way they solve their problem of being provided with insufficient operating funds.

At the same time, some specialized research associations and popular societies have also quickly sprung up and have become an important organic component of the agrotechnology disseminating system. For instance, the Watermelon Society of Dali County, the Chilli Society of Qinghua township in Qishan County, the Branch Society for Science Dissemination and Consultation organized by Wu Wanzhong [0702 8001 1813] and others; altogether, seven men in Fengxiang County all have certain influence in Shaanxi Province. The "Thousand-Household Exemplary Technology Network," started by Peasant Xu Fukun [6079 1381 0981] of Tianshuijing township in Pucheng County, increased grain production by over 50 million kilos in one year. According to incomplete statistics, the number of "exemplary technology households" in the rural areas throughout the province has increased from 126,900 in 1985 to 358,000.

Economic Development Zone in Weinan

92CE0183E Xian SHAANXI RIBAO in Chinese
23 Oct 91 p 2

[Article by Lei Shuqin (7191 3219 3830): "A Jewel on the Shores of the Wei River Shines in Radiant Splendor—Information on the Weinan Economic Zone"]

[Text] Three years ago today, the western suburb of the city of Weinan was still a very ordinary and common place. However, today it is quite a different scene: Tall buildings, one next to the other, have risen up, straight-running highways are laid out in all directions, rows of street lights radiate bright light, and lines of flowers and plants vie with one another in beauty.

In 1987, the governor of Shaanxi Province held an on-the-spot working conference at Weinan, and it was decided at the conference to "establish at Weinan an economic development zone that would implement special economic policies and a new administrative system, thus starting on a new road which would, on the one hand, ensure execution of one item of the state's key construction projects and, on the other hand, stimulate harmonious development of the local economy."

Not to betray everyone's expectations, the large body of workers for the Weinan economic zone, who remember it well, were to serve on a key project of the state, and were to start up the brisk development of the local economy, expended great energy on tough and not so tough environment-related jobs, to carry out this item of key construction. Opening up roads was their first big job. A difficulty encountered in road construction is dismantling and removing. Pulling down the "nests" that had housed people for several hundred years, how easy it is merely to talk about it? Crying, tantrums, accusations, all this the workers had to endure. It took them three months, until they finally persuaded the masses. Then they laid down the Dongfeng Road, the Xifeng Road and the Xingshan Road, 7 km long and 5 m wide. Then they also laid down three

trunk highways, establishing a link between the economic zone and the territory beyond. Following the road construction, they connected up water, electricity, and communication links. Further installations comprised a sewage disposal plant, 6.7-km long sewage and drainage ducts, a 3-km long high-tension power transmission line, a motor-pumped well, office and residential facilities, and a program-controlled telephone system with 1,000 outlets.

Only one block away from the offices of the administrative committee in charge of the zone development there is the Weihe Chemical Fertilizer Plant, one of the state's key projects of the Seventh Five-Year Plan. To win this project, we may well say that the economic zone had exerted itself to the utmost. It had to face a three-fold stiff fight, namely: First, a main highway had to be built in time before the arrival of the team that came to investigate on behalf of the Japanese Economic Cooperation Fund; this job was done within three months. Second, 300 mu of land had to be requisitioned for the residential requirements of the factory. This job was accomplished in merely 10 days. Third, the factory asked for the requisitioning of 990 mu of land for its production facilities. It again took only one month to complete all requisitioning procedures on behalf of the factory. High-speed performance and high efficiency made it possible for the chemical fertilizer plant to be built here. The preparations were praised as the best ever done among the among the six chemical fertilizer plant projects planned throughout China with loans from the Japanese Economic Cooperation Fund. I personally saw the 10-odd high residential buildings in the area reserved for living quarters for the Weihe Chemical Fertilizer Plant, also the completion of the main structure of a three-star guesthouse for foreign visitors, which will shortly open for business.

Now that the initial stage of infrastructure for the Weinan economic development zone has been completed, plans were drawn up for subdivisions of the zone and also detailed plans for 4.5 km of central zone, while at the same time readjusting the focal point of future work. On their own initiative, they shifted most of their energy to the task of attracting projects. A few days ago, they had taken up contacts with 250 foreign firms, and in the case of 20-odd projects letters of intent have already been signed. Eight of these were with foreign-funded enterprises. The procedures for requisitioning land for an arts and crafts manufacturing plant to be fully financed by the Taiwanese Northwest Xianlin Development Group and a tung tree timber plywood plant, a cooperative project of a Hong Kong firm together with a party in the Chinese interior, are now being handled, and work will begin very soon. It is very gratifying to see that the work of the "four links and one plain" [connecting electricity, light, water, telephone and leveling the ground] has now been completed, also that the preferential policies have been approved by the provincial government, and that they will be implemented; an excellent investment climate has indeed been created.

Jiangsu Province Stresses Export-Oriented Economy

OW1112135791 Beijing XINHUA in English
1336 GMT 11 Dec 91

[Text] Nanjing, December 11 (XINHUA)—Despite the worst heavy flood in a century, Jiangsu Province, a leading

economic producer in the country, is expected to achieve a 16 percent growth in its exports to 3.4 billion U.S. dollars this year, a high-ranking official said here today.

Statistics show that the province's imports this year have also registered an increase.

Gao Dezheng, deputy governor of the province, said, at an exclusive interview with XINHUA, that this growth is not easy because of growing trade protectionism in the world and heavy floods in the region.

To meet this challenge, he said, various firms and enterprises have made hard efforts to raise product quality, improve export goods mix, honor foreign trade contracts and enhance management.

New headway was also reported in absorbing foreign investment. He said that Jiangsu has, since the beginning of this year, launched more than 880 joint ventures with a combined contracted value of 550 million U.S. dollars—3.1 times and 2.57 times the figures of last year, respectively.

By the end of October, the total number of joint ventures in the province grew to 1,947 with contract value of 1.6 billion U.S. dollars. The number of foreign funded enterprises exceeded 100 in such cities as [word indistinct] Jiagang and Changshu. Some joint ventures are each involved with an investment of over 10 million U.S. dollars. There are high-tech projects and transnational corporations.

In opening to the outside world, the deputy governor said, there is a good developing trend in the growth of the export-oriented economy in the cities of Suzhou, Wuxi, Changzhou and Nantong. Other cities have also accelerated the pace of export-oriented economy.

He said that the acreage and population of areas open to the outside world have accounted for 60 percent, covering nine cities, 40 counties and 962 satellite towns as well as five harbors.

During the Eighth Five-Year Plan period (1991-1995), he said, Jiangsu will further quicken the pace of opening to the outside world and continue to push forward the export-oriented economy while encouraging large and medium-sized enterprises and rural industries to launch joint ventures in other countries.

Efforts should also be made to increase import, including the import of advanced technology and equipment, he added.

INDUSTRY

Article Analyzes Jilin's Industry

SK2311001191 Changchun JILIN RIBAO in Chinese
9 Sep 91 p 2

[Article by Tian Yufeng (3944 7183 0023) and Fang Benting (2455 2609 2185): "A Simple Analysis of Jilin's Industrial Fluctuation and Economic Efficiency"]

[Text] Jilin's industry began to slip downward in the second half of 1989 and a negative increase existed for nine months in 1990. It was not until the first half of this year that industrial production began to gradually pick up from the low growth rate of last year. The industrial output value rose by 7.3 percent from last year but economic efficiency remained in a slump. Take Jilin's budgetary industrial enterprises. Compared with the corresponding period last year, their profits and taxes turned over to higher authorities declined by 10 percent and the profits they retained declined by 27.4 percent. A total of 39.9 percent of these enterprises suffered deficits, which came to 285 million yuan, and the rate of profits and taxes created by a certain amount of funds was merely 8.7 percent, down 2.9 percentage points from the corresponding period last year. Jilin's industrial downtrend and poor economic efficiency have become the major problems people throughout the province are concerned about and the focus of the endeavor to eliminate economic difficulties.

Industrial Fluctuation Is Not Accidental and Poor Economic Efficiency Has Been Long-Standing.

Jilin's industrial fluctuation is not an accidental phenomenon. Statistics of the growth rates of the industrial production from 1952 to 1988 showed that the average value of the province's industrial growth rate was 11.97 percent, 7.3 percent lower than that of the country, which meant that Jilin's industrial development was slower than the national average; the standard deviation was 18.55, 15.9 percent greater than the national average, which meant that Jilin's industrial fluctuation was more violent than that of the country; and the normal range, on the basis that $\alpha=0.1$, of Jilin's industrial growth was 6.82 percent to 17.12 percent (that of the country was 8.58 to 17.25 percent). If the growth rate lower than the bottom of the range was regarded as a downtrend, Jilin's industrial production experienced six downtrends during the period. The average rates of the four industrial downtrends from 1962 to 1963, from 1967 to 1968, from 1976 to 1977, and from 1980 to 1981 were 6.3, 127.9, 68.6, and 48.6 percent, respectively, higher than the national average and the rates of the two downtrends in 1955 and 1974 were 129.2 and 21.3 percent, respectively, higher than the national average. In other words, during these 37 years Jilin's industrial growth rate was lower than the national average, its industrial fluctuation more violent, and its rate of industrial downtrend higher. From 1989 to 1990, Jilin's average industrial growth rate was 3.14 percent, 60.8 percent lower than the national average for the same period. This was the seventh downtrend, of which like the previous six, the rate was higher than the national average.

Poor economic efficiency is not a problem emerging during the industrial downtrend in the past few years. Jilin's industrial economic efficiency has been lower than the national average for a long period of time. Data of the 1985 industrial survey showed that every 100 yuan of funds of Jilin's industrial enterprises that instituted the independent accounting system created 17.58 yuan of profits and taxes to be turned over to higher authorities, 26.8 percent less than the national average; created 10.24

yuan of profits to be retained by themselves, 24.7 percent less than the national average; and created 94.73 yuan of income from marketing, 17.1 yuan less than the national average. The amount of circulating funds tied up by per 100 yuan of industrial output value was 28.94 yuan, 1.96 yuan more than the national average; and the amount of profits and taxes to be turned over to higher authorities created by per 100 yuan of income from marketing was 18.57 yuan, 2.44 yuan less than the national average. The aforementioned economic figures fully manifest the serious weak points of Jilin's industry. In 1988 when the economy was overheated, the amount of profits and taxes created by per 100 yuan of funds of all the province's industrial enterprises which instituted the independent accounting system was 17.92 yuan, still 12.7 percent lower than the national average. In 1989 and 1990, the amount again declined to 15.21 yuan and 9.17 yuan, respectively, 21.6 and 33.4 percent, respectively, lower than the national average, showing a still wider gap.

The reasons for the province's industrial fluctuation and poor economic efficiency are many-sided. Some reasons are common to national industry, such as the lack of autonomy and inequality in market competition. However, some other reasons are contradictions in the economic operation of our province's industry. Here I would like to discuss some views on only the problems long accumulated in the province's industry:

1. The industrial structure inclining to heavy industry is the deep-rooted reason affecting Jilin's industry.

As far as the whole country is concerned, the ratio between the output value of light industry and heavy industry is 0.97:1; while in our province, the ratio is 1.67:1. The structure inclining to heavy industry is the major special feature of Jilin's industry. Such a structure is not brought about by the process of industrialization, but is formed by the high-degree planned economy and the industrial distribution of our country over the past several decades. Although our province has such nationally noted heavy and chemical industry enterprises as the Changchun No. 1 vehicle plant and the Jilin Chemical Industrial Company, these enterprises have not achieved due economic efficiency in view of the industry as a whole. On the contrary, the economic efficiency of light industry has been much better than that of heavy industry. In 1985, the profit and tax realized from each 100 yuan of fund by light industry was 21.70 yuan, 34.0 percent higher than that of heavy industry; and in 1988, the figure developed to 26.25 yuan, 78.9 percent higher than that of heavy industry. The fund occupied by heavy industry was as much as 25.56 billion yuan, while that occupied by light industry was less than 10 billion yuan. Heavy industry has occupied large funds, and yielded poor economic efficiency, thus bringing a shadow on Jilin's industry. Along with the development of the socialist commodity economy, and because it is difficult for our country to form an average profit rate at the moment, refusing to rapidly improve the technological conditions of heavy industry will be increasingly detrimental to heavy industry. Viewed from the angle of demands, the production of heavy industry is closely related to the scale of fixed assets investment. In view of

the several readjustments carried out in history, we can see that whenever the scale of investment is curbed, the productivity of heavy industry shrinks first. In 1989, when the principle of keeping tighter controls on credit and currency issuance was implemented, products in the investment category were unsalable and overstocked and the production capacity of such products was set aside. For instance, in 1989 the province's automobile output dropped by 14.3 percent, coupled with a large stock of products. In 1990, Jilin's auto industry developed even graver difficulties. Contrary to heavy industry, most light industrial products are daily necessities of the people. Ours is a big country with a population of 1.1 billion. In our country, every person needs food, clothing, and daily necessities. Along with the improvement in living standards, the consumer goods market has become increasingly abundant and colorful, and light industry occupies a favorable position in market demand. However, our province's light industry began late and has developed slowly, and the technological level of light industry cannot catch up with that of coastal areas. In addition, the province's light industry is poor in product quality and simple in variety, and lacks competitive products, thus putting the province's industry in an unfavorable position for providing effective supplies.

2. High input and low output put Jilin's industry in a dilemma.

Many economists at home and abroad have applied production function to research the relations between input and output of production factors, and then explore possible paths for obtaining even more output from less input. After conducting a diversified regressive analysis of the time and order of industrial output value, the total volume of funds, and labor forces of the province from 1978 to 1989, and comparing the country as a whole, it was found that the variables were highly related, and the results of the regressive analysis are very reliable. In line with the reliable results of the regressive analysis, we can find an important fact in that in the past dozen years, the output effect of the province's industrial fund was much lower than the level of the country as a whole.

The output resilience of the industrial production function regression capital of the province [quan sheng gong ye han shu hui gui de zi jin chan chu tang xing 0356 4164 1562 2814 3932 3934 0428 2422 0932 2981 4104 6327 6855 3934 0427 1734 1840] was 0.545 while that of the whole country was 0.907. The province was 40 percent lower than the whole country in this regard. The linear regression equation showed that the output of the country from per 1 yuan of input was 1.33 yuan and the output of the province from per 1 yuan of input was only 0.63 yuan. The province was 52.5 percent lower than the whole country. The province's output efficiency from the input to industrial production was about 50 percent lower than that of the whole country. Such a tendency still exists among some state-owned industrial enterprises. The capital output resilience of the province was 28.5 percent lower than that of the whole country, and the province's output coefficient of the linear regression capital was 49.6 percent lower than that of the whole country. All this deeply reflected the

objective situation that the province's industrial enterprises experienced high input and low output in this period. The original value of the fixed assets of the wholly independent accounting industrial enterprises of the province reached 46.9 billion yuan in 1990, an increase of 22.5 billion yuan over 1985 and an annual average increase of 4.5 billion yuan. The net value of the fixed assets increased by 16.51 billion yuan over 1985. With such a high input, Jilin was able to maintain an appropriate industrial growth rate. That the state tightens the money market once every two years under such circumstances is undoubtedly an attack against Jilin. It is certainly hard to continue industrial production and to reduce the economic results. The industrial front of Jilin is in strained circumstances due to the poor capital output result, the insufficient revenues, and the sharp decrease in the amount of profits obtained by the enterprises themselves. This also intensifies the situation of being insufficient in input. There are two factors for creating high input and low output, in addition heavy industry, with unduly more input, registers poor economic results. First, our province is one of the old industrial bases. In the past 30 years, the province made less investment in technological transformation, and the depreciation rate of fixed assets was very low. Our guiding ideology was affected by the "overheated" tide of the whole country after reforms. So, we paid attention only to seeking the increase quantity to the neglect of technological transformation. As a result, our industrial enterprises are technologically backward and are outdated in terms of their equipment. Only 13.6 percent of the province's 352 large- and medium-sized enterprises have systematically conducted technological transformation. So, it is very difficult for the province to compete with the new coastal industrial areas. Second, the province was slow in seeing results from investment, and also made many mistakes in investment. The investigation made by the departments concerned showed that the province failed to see results from about one third of the investment projects. What was more serious was that it was difficult to continue or stop the development of some projects each with an investment of several hundred thousand yuan, several million yuan, or more than 10 million yuan. The economic targets of some completed projects were widely divergent from those assessed before construction. So, these projects should be abandoned upon completion. Rapidly realizing the returns on investment is the key way to alleviate the strained circumstances of the province's industrial enterprises.

3. Operating with huge debts has weakened the industrial enterprises' self-development capability.

The industrial enterprises across the province maintain their production by relying on loans due to their serious shortage of capital. According to the survey of 1,369 state-owned industrial enterprises across the province, their own working funds only accounted for 7.5 percent of the total working funds, 10.5 percentage point lower than the national average level. That is to say, 92.5 percent of the enterprises' working funds are loans. The loans used for working funds have shot up due to the fact that the amounts of defaulted debts continuously increase and the funds used for three purposes are not reduced. In 1990, the

working funds of the wholly independent accounting industrial enterprises balanced 32.67 billion yuan, (including 17.98 billion yuan of fixed-quota working funds), an increase of 8.63 billion yuan over 1989; and the fixed-quota working funds increased by 11.3 billion yuan over 1985.

According to initial calculation, industrial enterprises' interest payment for loans, excluding the loans for fixed assets, totaled 1.2 billion, 1.8 billion, and 2.4 billion yuan, respectively, in 1988, 1989, and 1990, exceeding greatly the profits they retained for their own use. Due to the low rate of profits earned from a certain amount of funds, every 100 yuan of working funds created merely 3.92 yuan of profits in 1990 and every 100 yuan of fixed-quota working funds created merely 7.13 yuan of profits, much lower than the bank loan interest. Judging from its economic situation, Jilin is a province whose loans are larger than its savings and the difference between bank savings and loans is increasingly widening. This is very detrimental to Jilin's economy. The difference reached 4.483 billion yuan in 1980, as high as 18.56 billion yuan by the end of April 1990, and already exceeded 20 billion yuan this year. Last year, the province paid approximately 1.8 billion yuan as interest for the net amount of loans after savings were deducted. This led to a reduction of people's income by 75 yuan per capita and seriously affected Jilin's economic strength and living standard.

4. Different industries are not sufficiently coordinated, their value flows out, and their ability to resist adversities is poor.

There is not sufficient coordination between industry and agriculture, between the raw material industry and the processing industry, and between large enterprises and small- and medium-sized ones, their value flows out of the province, their efficiency as a whole is low, and their ability to cope with fluctuation is poor. Due to the lack of sufficient coordination between industry and agriculture, Jilin has to purchase all the wheat and cotton needed in its light industrial production from outside the province. Its industrial enterprises have extremely limited capacity for processing the corns it produced and, therefore, the efficiency is not good enough. However, in 1989, the Hubei Pharmaceutical Plant which used Jilin's corns as raw materials created 10 million yuan more profits and taxes than those created by all the pharmaceutical enterprises of Jilin Province. We just do not have the industrial enterprises which make use of local resources to produce the finished products that earn great amounts of profits. In heavy industry, the major products of the raw material industry are timber, chemicals, and ferroalloy and the major products of the manufacturing industry are motor vehicles and passenger trains. This shows that they have too little coordination. The machinery industry produces so few finely processed and highly competitive products, its product quality is so low, and its capacity for competition is so poor that it has difficulty in gaining high added value. As a pillar industry of the province, the chemical industry should have created a great amount of value for the province. However, because most of its products shipped out of the province are primary and semifinished

products and the output value created by refined chemicals accounts for merely 17 percent of its total output value, the value of the chemical industrial products shipped in from outside the province is higher than that of the products shipped to outside the province and the difference is approximately 500 yuan every year. The value of the industrial products shipped in from outside the province is also higher than that of the products shipped to outside the province and the difference is as much as 5 billion yuan approximately every year. The uncoordinated and extensively managed industries of Jilin not only are liable to the influence of the external environment but also cause the outflow of value and poor economic efficiency. Meanwhile, the tendency of "regional difference" still exists when the state implements the planned economy and organizes the supplies of materials. For instance, the state allocates to Shenzhen the aniline, a raw material for producing the ice to lower temperature, produced by the Jilin Pharmaceutical Plant at the price of 6,000 yuan per ton. This material is not needed in Shenzhen but is still needed by the plant. Therefore, the plant has to purchase it back from Shenzhen at such a high price as 9,000 yuan per ton. The Changchun No. 1 Vehicle Plant produced motor vehicles according to state-assigned quotas without considering their market. However, it does not enjoy guaranteed supplies of raw materials. As a result, it has to purchase raw materials at high prices and sell products at low prices, thus losing profits from both.

Several Points of Countermeasures

Changing Jilin's industrial fluctuation and poor economic efficiency will be protracted and arduous. The following countermeasures should be adopted:

First, leaders at all levels should further define the guiding ideology of "a protracted, sustained, steady, and coordinated development of the economy"; resolutely overcome the tendency to "be overanxious for quick results"; and give up all kinds of "short-sighted behavior" and the "idea of leaving things to chance." Economic rectification and improvement has brought an opportunity for structural readjustment. In line with the industrial policies and development objectives, we should firmly and unswervingly carry out technological transformation of enterprises, readjust enterprise structure, make the best possible use of local advantages, and devote a long period to gradually form a regional economy that is geared to the overall situation and has its own characteristics in order to avoid uniformity in structure and a sharp rise and fall in economy.

Second, we should enhance the level of overall policy-making and management, strengthen control of the overall situation, and avoid major errors. We should first fully utilize the superiority of local natural resources to develop light industrial products and strive to have light industrial products occupy a larger part of the consumer goods market and become more competitive. Second, we should strengthen the overall coordination work. Because the increased volume of funds is limited, we should spend the increased funds on crucial areas and on the essential key

production links. In readjusting the organizational structure of enterprises, we should concentrate on key elements and give play to the power of the comprehensive economic efficiency. We should resolutely check low-level duplicated import and construction and oppose the small-producers' management method of "using one's neighbor's field as a drain." Toward the large- and medium-sized investment projects which have already been completed, are under construction, or will be built, we should conscientiously investigate and study them, see if they have quotas, and adopt resolute measures to make them achieve due economic and social effects as quickly as possible, or to minimize the losses. Third, we should strengthen the management of trades; firmly carry out technological transformation of enterprises, old enterprises in particular; and pay much attention to developing new products and new technology.

Third, we should accelerate circulation, enliven funds, and adopt special policies for the unusual times. The first policy is to strengthen marketing and lower the occupation of the three kinds of funds. On the one hand, we should give play to the role of local commerce, vigorously sell local products, and provide industrial enterprises with market information. In addition, industrial and commercial departments should make concerted efforts to make it through difficulties. On the other hand, government and enterprises should correctly assess the market situation, making necessary readjustments in prices for unsalable and overstocked products in order to cast off the burden of debts as early as possible. The second policy is to rationally transfer and allocate funds and raw materials in line with the enterprises' sales situation and the market demands information. We should organize the production of readily marketable products and increase the sales volume of such products.

Fourth, we should strengthen enterprise management, improve quality of enterprises, and enhance of enterprise morale. All enterprises should find out where they lag behind others from internal management to external factors, should discover the roots of their shortcomings, should summarize experiences and lessons, and should strive to catch up with others. The successful experiences of the Jilin Chemical Industrial Company and the Baicheng Textile Plant should be conscientiously propagated and popularized. The experiences of the 20 neighborhood-run collective enterprises subordinate to the third light industrial sector also merit emulation by all industrial enterprises in the province. Under the same overall economic environment, these neighborhood-run enterprises have attained the goals of "not a single enterprise stopping production, not a single enterprise suffering losses, no products being overstocked, bank loans decreasing by 2 million yuan, and product supply falling short of demand." As far as conditions are concerned, many enterprises in our province are better than these neighborhood-run enterprises. Why can these neighborhood-run enterprises attain the goals but not other enterprises? The key lies in the morale of enterprises.

COMMERCE

Reforms Helping Commerce To Develop in Xinjiang

OW1211040491 Beijing XINHUA in English
0248 GMT 12 Nov 91

[Text] Urumqi, November 12 (XINHUA)—The reform and open policy has accelerated the commercial development in Northwestern China's Xinjiang Uygur Autonomous Region.

At present, a large commercial network has formed in the region. It consists of 180,000 commercial units and 451,000 workers.

Through August this year, the total retail value of consumer items reached 8.71 billion yuan (1.74 billion U.S. dollars), 1.4 billion yuan more than the same period last year.

With an area of 1.6 million square meters, the region has a population of 15 million people scattered in the vast grasslands, mountains, and deserts. As a result, farmers and herdsmen have difficulty trading their local products for imported commodities.

To encourage commercial development, the local government adopted many measures in the past several years, including the reduction and remittance of taxation, reduction of interest rates for loans, and the giving of priority to commercial units for securing raw materials.

The region has nine million people of 12 minority nationalities with many special needs. Special stores now sell these necessities to the minority nationality people.

By now, more than 80 percent of the farmers and herdsmen have joined the supply and marketing cooperatives. And more than 90,000 self-employed retailers are playing active roles in stimulating the commodity exchanges. The developments have been a boost to peoples living standards here.

POPULATION

Rural Population Problems, Measures

92CE0122A Beijing ZHONGGUO RENKOU BAO
in Chinese 7 Oct 91 p 2

[Article by Guo Shutian (6753 2579 3944), Director, Department of Policy Reform Law, Ministry of Agriculture: "Rural Population Problems, Measures"]

[Text] Rural Population Problems

Since China began implementing family planning throughout the nation in the 1970's, significant successes have been attained. National and rural birth rates, the natural population growth rate, and births per female have all dropped sharply.

These indicators are lower in China than averages for the world and for developing countries. China's mortality rate is even lower than that of developed countries, and the total birth rate is close to that of developed countries.

If the birth rate of 1970 had been maintained throughout the 1970's and 1980's, the total population of Mainland China would now be 1.3 billion rather than the current 1.143 billion. We achieved 200 million fewer births over 20 years. This is a forceful statement about the significant success of our family planning policy. China population control programs is recognized as one of the most successful in the world.

Although China has achieved significant success with its family planning policy, the base population is too great to begin with and the population rises by 17 million every year (equivalent to the population of Iraq), so the situation is still very bad, particularly in the countryside. The quantitative structure, growth rate, and basic quality of China's structure dictate that the countryside should be the focus of our population policy.

First, the fourth national census indicates that China's rural population stands at about 834 million, which is about 74 percent of the total population. The roughly 80:20 ratio between rural and urban population which has held for the past forty years in New China has not changed as a result of industrial development and the growth of urban population. This characteristic is even more apparent in the 30 years prior to 1980. Although the rise of township enterprises in the 1980s absorbed about 90 million laborers, this figure represents only 11 percent of the rural population; furthermore, they stay in the countryside "away from the soil but not the village." China's industrial output value currently accounts for more than two-thirds of total industrial and agricultural output value, but agricultural labor, on the contrary, accounts for more than two-thirds of China's total labor force. Agricultural output value accounted for 24.3 percent of total industrial and agricultural output value in 1952, down from 56.9 percent in 1900, while the percentage of the total labor force accounted for by agricultural labor only dropped from 88.1 to 74 percent over the same period. The structure of China's output value is roughly what is found in countries with a per capita income level of approximately \$1000, but the structure of our labor force is approximately what is found in countries with a per capital income level of only about \$100. This is a very unique phenomenon, so we must restructure rural population and the agricultural labor force at the same time as we control total population. If we do not take resolute and effective measures to change the situation in which a huge population depends on a limited amount of arable land, not only will it be difficult to increase agricultural labor productivity or modernize agriculture, but the destruction of agricultural resources will inevitably continue to worsen. This would seriously limit development of the entire economy and constitute a major barrier to achievement of the Four Modernizations.

Second, agricultural population growth in the countryside far exceeds that of the nonagricultural population in both raw numbers and growth rate. Statistics indicate that the population grew from 447.26 million in 1949 to 536.4 million by 1959 (89.14 million people, 20 percent in the first decade); 682.68 million by 1969 (146.28 million people, 27 percent in the second decade); 813.56 million

by 1979 (130.86 million people, 19 percent in the third decade); and 864.27 million by 1988 (50.71 million people, 6.2 percent growth rate. Although the rural population growth rate had begun to drop in the 1970's because we had already begun to strengthen rural family planning, growth in absolute numbers was still great because the base population was too large. The nation's nonagricultural population grew from 94,410,000 in 1949 to 222.267 million in 1988 (238.26 million people, a growth rate of 135 percent), while agricultural population posted a net increase of 417,010,000 people (a growth rate of 93 percent). The proportion of the total population accounted for by non-agricultural population only increased from 17.4 percent to 20.5 percent, while the same figure for the agricultural population only dropped from 82.6 to 79.5 percent. In a 40-year period, China's rural population grew by enough to add the equivalent of eight major nations of 50 million people to the world.

Third, the following population indicators are highest among China's rural population.

1. Birth rate. Nearly 20 million people are born every year in the countryside. Total births in China in 1989 came to 24.68 million, of which 80 percent (19.74 million) occurred in the countryside, where the birth rate was 24 per 1000 (ten more per 1000 than in the cities). Since the beginning of the 1980s, China has achieved huge successes in its family planning work, yet the rural birth rate has always remained around 24 per 1000, which has to a great extent offset the various efforts and successes achieved by China in family planning.

2. Births per female. The number of births per female was 2.4 in 1980 (1.5 in the cities, 2.6 in the countryside). The rural figure stood at 2.61 in 1981 and 2.58 in 1989, remaining basically unchanged.

3. Early marriage and early childbearing. Rural women between 15 and 20 years old accounted for 13.7 percent of women bearing children one year. These women alone accounted for 2.7 million extra births. The peak childbearing age for rural women dropped from 23 in 1981 to 21 in 1989. This is the result of early marriage among rural women and will inevitably quicken rural population growth.

4. Multiple child families. Among rural women, 22 percent have more than one child. With the implementation of family planning, the proportion of women bearing more than one child has changed. According to the fourth census, more than two-thirds of urban women have only one child, while this proportion is under one-half in the countryside, and the multiple child rate in the countryside is 2.5 times higher than in the cities. These rural women with more than one child account for 4.36 million extra births per year. In 1987, 92.5 percent of all urban births were within family planning guidelines, but in the countryside this same figure was only 52.27 percent.

5. Disequilibrium. Birth rates vary widely in different parts of the country, and the situation is particularly bad in the countryside. Areas with low natural population growth rates are always highly urbanized areas with low rates of

illiteracy and semi-illiteracy. Conversely, areas with high natural population growth rates always show a low degree of urbanization and high rates of illiteracy and semi-illiteracy.

Fourth, the problem of rural population quality has been a major factor limiting efforts to improve the quality of the Chinese race.

1. Most illiteracy and semi-illiteracy is found in the countryside. According to the fourth census, 15.88 percent (180 million people) of the population 15 years old and above is illiterate or semi-illiterate; the majority of this population is rural, especially female. A random survey in 1987 showed that 31.5 percent of the rural population 12 years old and older is illiterate or semi-illiterate; 44.2 percent of the women in this same group are illiterate or semi-illiterate, while only 44.1 percent of the rural population has completed elementary school.

2. In the countryside, the number of regular junior and senior high schools and students has dropped sharply, and there is a serious dropout problem among elementary students. Although the state has promulgated the Compulsory Education Act, it is difficult to enforce in the countryside. In 1978 there were 143,106 regular rural junior and senior high schools with 48.21 million students, or 6.1 percent of the total rural population. Of this number, there were 36,003 senior high schools with 94.94 million students, or 1.2 percent of the total rural population. Due to a number of factors, including educational restructuring, over an 11-year period the number of regular junior and senior high schools and students dropped sharply. In 1989 there were 6381 regular rural junior and senior high schools in China with 26.346 million students (79,275 fewer schools and 21,865,000 fewer students than in 1978, 55.40 percent and 45.35 percent declines, respectively). Students accounted for 3.1 percent of the total rural population, down 3 percentage points. In 1989 there were 4992 senior high schools with 17.64 million students, down 86.13 percent and 81.42 percent, respectively, from 1978. Senior high school students accounted for 0.20 percent of the total rural population, a drop of one percentage point.

In addition, of all school age children in China in 1988, 3 million were unable to attend school, which was 99 percent of all school age children. [trans. note: as published] In the 1987-88 school year, 5.5 million elementary school students and 3.1 million junior high school students dropped out of school. The loss of students has become a major social problem in the countryside.

3. The quality of rural education is low, and the structure of education does not meet the needs of rural development. Of 5.938 million teachers in China's elementary, junior high, and senior high schools in 1988, about 2.5 million fail to meet educational requirements for the jobs they hold, so it is difficult to assure the quality of education. In 1987 there were 1.19 million students in agricultural and vocational junior and senior high schools, an increase of 17 percent over 1984, but this was 3.9 percent of the number of students in regular junior and senior high

schools. Some localities have implemented a "three-plus-one" system (adding one year of agricultural or vocational educational after students have graduated from junior high school), but this educational structure falls far short of meeting the needs of "the two switchovers" in the countryside (switching from a semi-subsistence economy to a commodity economy, and from traditional agriculture to modern agriculture). Although the increasing number of junior and senior school graduates has improved the cultural level of the peasants, most of them have not actually mastered the know-how and technology needed for agricultural production, so they cannot take full advantage of their education.

4. There is a large number of people in the countryside with low intelligence quotients. Statistics indicate that in the entire world there are 150 million retarded people, referred to in medical terms as those with a low intelligence quotient. The number of mentally handicapped people in China is 10.71 million, most of whom are in the countryside, especially in remote mountain areas, places with undeveloped transportation which have little contact with the outside world, and in areas where inbreeding is severe. Surveys show that for the great majority of peasants, the geographical area within which they search for spouses is smaller than 25 square kilometers, which has a serious impact upon population quality. The proportion of retarded people is relatively high in Gansu province, where there are 260,000 such people and 2000 more are born every year.

Measures for Dealing With Rural Population Problems

1. We must place the focus of family planning work throughout the nation upon the countryside, enforce current family planning policies unwaveringly and more rigorously, and make a great effort to control the natural growth rate of the rural population. In addition, we should aggressively develop social services in the countryside so that people there will have support, medical services, and an active social life. Currently, about 92 percent of all old people in the countryside depend on their children for support. If we do not make a concerted effort to lower this percentage, it is likely our efforts to control rural population will fail. We should begin immediately to target the establishment of rural social services as a strategic part of our work to develop rural society.

2. We must aggressively develop secondary and tertiary rural industry so as to redirect surplus labor power. In the early and middle 1980's, China's township enterprises grew 30 percent or more every year (this rate has dropped to about 20 percent in the past two years), but because rural secondary and tertiary industry was small to begin with, there is still much potential for further growth. Nonagricultural industry not only is capable of spurring development of the rural economy, but is also a key factor in maintaining social stability in the countryside. It is necessary that nonagricultural industry provide employment for at least 10 million persons in the countryside every year during the 1990's. This will be difficult to

achieve, of course, but if even this target is not reached, surplus agricultural labor will become a serious social problem.

3. We should aggressively support sideline occupations for agricultural households. The specialized rural household is a new phenomenon which has appeared with reform and opening up, but due to the limitations of China's economy and overall conditions, a more prevalent phenomenon has been agricultural households which take up sideline occupations. We cannot oversimplify by criticizing these households as "small but complete." Household business operations in China are hardy survivors. One notable strength of this phenomenon is its compatibility with other forms of employment. If every agricultural household properly schedules employment so as to devote as much time as possible to its sideline occupation, and if each household provides employment to one person who would otherwise be surplus labor, 200 million people throughout the country would thus find employment. For this reason, we must make it part of our employment policy to stabilize the business operations of agricultural households and to encourage sideline occupations.

4. We must aggressively develop small- and medium-sized cities, thereby creating a better external environment for rural industrialization and urbanization and the placement of surplus labor in new occupations. There are over 2000 county-level cities in China. In the 1990's we must place high priority upon carrying out development of county-level cities in a well-planned and well-led manner. If county-level cities develop to the point where they can support a population of 100,000 to 200,000 people, then only 2000 county-level cities would be able to support an urban population of 200 to 400 million people. In addition, there are more than 80,000 townships and towns in China; if the population of each of these can be increased to between 5000 and 10,000 people, they could support a population of 400 to 800 million. Their capacity to serve as reservoirs is clear. Developing small- and medium-sized cities primarily at the county level is an important method for achieving China's goal of urbanization.

5. We must promote the export of labor in a planned manner. China has long borders. There is demand for labor in some neighboring countries and developing countries, and with a certain amount of training, Chinese labor exports would be competitive. We have had success in this area in the 1980's. If we set seriously about this task and provide aggressive guidance, we could move a little faster in this area.

6. We must raise the level of culture and scientific understanding among peasants, aggressively educate and train peasants, do a good job of integrating scientific and technology into the lives of peasants, and bring about the formation of a corps of peasantry capable of mastering the technology that will bring prosperity. China has a limited amount of natural resources for developing agriculture; in order to achieve agricultural development we must bring about scientific and technological progress, thereby enabling ourselves to make more efficient use of natural resources. In other words, we must use our social

resources, which offer vast potential, to make up for our limited natural resources. The key to switching from one resource to the other lies in improving the quality of the labor force. Elsewhere, China has not been very successful in converting technological breakthroughs into products, having failed to do so for about two-thirds of all breakthroughs. The key to making such conversions lies in improving the scientific understanding of producers. Improving the culture of peasants has become the key to future development in China's countryside.

AGRICULTURE

Mechanization Helps Animal Husbandry

OW1112093091 Beijing XINHUA in English
0841 GMT 11 Dec 91

[Text] Xining, December 11 (XINHUA)—Gangca county in northwest China's Qinghai Province has reported a dramatic drop in the death rate of livestock and an effective control of animal diseases this year.

This is a result of the promotion of mechanization in this pastoral area near Qinghai lake, a local official said.

The county, the only pilot county for the mechanization of animal husbandry in the country, has used machines to tend and improve grassland, and perform the jobs of shearing and slaughtering since last year. In the past couple of years the county has invested one million yuan to establish one county-level service center and three township-level service stations for the mechanization of animal husbandry.

Experts say that they hope the pilot project in Gangca county will provide experience for the northern pastoral areas, which are plagued by over-grazing and erosion.

Shandong Overfulfills Cotton Purchasing Quota

SK1312064691 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 12 Dec 91

[Summary] By 10 December, Shandong had purchased 22.05 million dan of cotton, surpassing the state-assigned quota and increasing by 6.83 million dan over the corresponding period last year. This was the first time for Shandong to fulfill state-assigned quota since 1988.

Henan Province Purchases More Cotton

OW1212021191 Beijing XINHUA in English
0144 GMT 12 Dec 91

[Text] Beijing, December 12 (XINHUA)—Central China's Henan Province has purchased 588,000 tons of cotton so far this year, some 194,800 tons more than in 1990, according to today's PEOPLE'S DAILY. One of the main cotton-producing areas in the country, Henan grew 16.35 million mu (about one million ha) of cotton this year, 4 million mu more than last year.

Moreover, the per-mu yield was over 50 kg, 10 percent more than in 1990, it said.

Shaanxi Sets Up Agricultural Science Pilot Sites

OW0411081791 Beijing XINHUA in English
0735 GMT 4 Nov 91

[Text] Beijing, November 4 (XINHUA)—Some 22 agricultural science pilot sites set up in Shaanxi Province, northwest China, have made progress in scientific research and production development.

The pilot sites were built in six natural areas of the province. During the Seventh Five-Year Plan (1986-90), the sites achieved good results in 94 research projects and adopted more than 800 advanced techniques in agricultural production, according to today's GUANGMING DAILY.

Total agricultural production value and per capita income has been doubled, and increased production value has been over 50 times the total investment by the state in the sites.

More than 1,300 scientists and technicians from central and local agricultural research institutes and colleges have been involved in building the pilot sites. They have set up over 2,500 agricultural science demonstration spots for local farmers.

The local farmers have benefited from the sites in the province and have increased grain production by 946 million kilograms. Agricultural value has increased by almost 1.7 billion yuan (333 million U.S. dollars).

The sites stress improvement of the cropping system, and control of soil erosion to develop grain production and forestry according to local natural conditions.

First Magazine on Legal System To Be Published

OW1912090291 Beijing XINHUA in English 0812 GMT 19 Dec 91

[Text] Beijing, December 19 (XINHUA)—LEGAL SYSTEM DIGEST, a weekly newspaper about law, the first of its kind in China, is to start publication on January 1, 1992.

The paper, to be published by the legal system daily, will be in quarto, four-page format.

NORTH REGION

Hebei Sends Cadres To Conduct Education

SK0912075891 Shijiazhuang HEBEI RIBAO
in Chinese 18 Oct 91 p 1

[Text] In line with the provincial party committee's arrangements of "sending one-third of the cadres of departments at all levels to participate in rural socialist ideological education beginning this year," rural socialist ideological education has been launched in one-third of the rural areas of the province. So far, the transfer, organization, and dispatch of more than 85,000 office cadres to be sent in the first group have by and large been completed. After training, the work teams have been stationed in more than 17,000 administrative villages throughout the province.

It took merely one month for the province to transfer the cadres and organize the work teams. Leading persons attached great importance to this work. The departments directly under the province also sent more than 1,970 cadres. Hu Zhenguo, secretary of the Chengde Prefectural party committee, and five responsible comrades of the prefectural party committee and commissioner's office took the lead in joining the first group to conduct the socialist ideological education. To ensure the quality of the work teams, the Handan Prefectural party committee worked to make sure that all the personnel to be sent were participating, leading cadres were assigned, and party members accounted for more than 60 percent. After ascertaining the number of cadres, some localities worked out three-year plans for sending cadres to participate in the rural socialist ideological education group after group in different stages.

The work teams for the current socialist ideological education have the following characteristics. First, the overall structure is rational. The work teams have cadres of provincial, prefectural (city) and county departments, cadres of party, government, economic, and scientific and technological departments, and old, middle-aged, and young cadres. Second, leading cadres, party and Communist Youth League members, and backbone work personnel account for a large proportion. According to statistics, among the 85,000 team members, 169 are cadres at the prefectural and departmental level, more than 3,400 are cadres at the county and division level, more than 26,000 are cadres at the section level, and more than 56,000 are party members. Third, members of the work teams have a good mental outlook and many of the comrades voluntarily applied for participation. No matter whether they are young cadres full of youthful spirit, veteran comrades with rich experiences, or mothers with children, many of them took the initiative in overcoming difficulties and showed very high political enthusiasm. The work teams composed of such cadres provided a strong organizational guarantee for achieving success in the socialist ideological education.

Hebei Deputy Secretary on Rural Situation

HK1411031691 Beijing GUANGMING RIBAO
in Chinese 21 Oct 91 p 3

[Article by Li Bingliang, deputy secretary of Hebei Provincial CPC Committee: "Correctly Analyze Rural Situation, Do Good Job in Socialist Ideological Education"]

[Text] Rural socialist ideological education centers on promoting economic development and is aimed at strengthening grass-roots organizations. This is the combination of ideological education with the implementation of policies and the improvement of organizations and is determined by the rural situation.

The main aspect of the rural situation is good. Since the Third Plenary Session of the 11th CPC Central Committee, the rural economy has developed much, rural society has taken on a new look, and commonly acknowledged achievements have been made in rural reform. When fully confirming the main trend, we should also be aware of some problems in the rural areas. Viewed from the situation in Hebei, there are three problems: First, the party's economic policy has not been fully implemented in the rural areas. According to the relevant regulations of the Central Committee, the household output-related contracted responsibility system should give expression to the combination of collective unified management with decentralized management by individual households. In implementing the output-related contracted responsibility system, a double-tier system should be formed under which centralization is combined with decentralization. In terms of collective unified management, the most important point is that of collective units serving individual peasant households. After the implementation of the output-related contracted responsibility system, the rural economy still remains a cooperative economy under collective ownership by the peasants. This economy is characterized by double-tier management, but these principles have not been completely implemented in some rural areas. Second, some grass-roots party organizations in the rural areas have not formed work procedures which correspond with the double-tier management system. Under the double-tier management system, grass-roots party organizations in the rural areas should rely on the collective economy and introduce methods suitable for peasant households. In this way they will achieve effective results in all work. In some rural areas, collective ability is weak and cadres do not serve the peasants, however; on the other hand, cadres should fulfill such administrative tasks as family planning, purchasing grain for the state, and allocating funds. As a result, cadres' "requests" from the peasants are more than what they can "give" them, or they even "request" without "giving" anything. This has worsened the relations between cadres and masses. Third, these cadres, therefore, have a low reputation, a weak appealing force, and very few methods in ideological and political work, apart from being weak in controlling rural society. This is an important reason why some negative factors, disgusting scenes, and corruption have appeared in the rural areas. The improvement of party organizations always proceeds in the fulfillment of party tasks and serves

as a basic guarantee for the fulfillment of party tasks. Only "by stabilizing the household output-related contracted responsibility system, improving the double-tier management system, developing the socialized service system, and gradually expanding the collective economic force," will we be able to bring about economic development and make progress in rural party building. In addition, only by strengthening grass-roots organizations with party branches as the core can we implement the party's basic economic policy in the rural areas. Implementing policies and building organizations are currently two supplementary aspects in rural work.

To strengthen organizational building and implement policies, it is necessary to carry out socialist ideological education. Now, some peasants have misgivings or misunderstanding about socialism. This has mainly arisen from the above problems and is a matter of direct perception. These peasants do not listen to theory about socialism but judge socialism from their personal experience, from what others say about it, and from what happens around them. We conducted a questionnaire survey on many peasants recently. The results are as follows: Ninety-seven percent of the peasants said they were most satisfied with the implementation of the household output-related contracted responsibility system; 80 percent of them expressed dissatisfaction over the lack of service and confusion in social order. From these two points over which the peasants expressed their dissatisfaction, it seems they have misunderstandings or misgivings about socialism, but as a matter of fact, they are pursuing socialism. In longing for service, the peasants actually expect the implementation of the party's economic policy; in wishing for a turn for the better in social order, the peasants actually demand that party branches rely on the collective economy and actively provide service. In this way, party branches will improve their reputation, grow stronger, strengthen their ability to control, and make it possible for a stable social environment to take shape. A comprehensive analysis of the peasants' satisfaction and dissatisfaction suggests that we must deepen reform and hold firm to the socialist road.

According to our analysis of the rural situation and tasks and in line with the arrangements by the Central Committee, we have set the tasks for socialist ideological education in the rural areas of Hebei Province as follows: Do a good job in five kinds of education, carry out three kinds of formation, and achieve one target. Five kinds of education are: Education in strengthening confidence in socialism, education in the party's basic rural policy, education in patriotism and collectivism, education in the principles governing party members and cadres, and education in democracy and law. Three kinds of formation are: The formation of grass-roots organizations with party branches as the core, the formation of a socialized service system based on the double-tier management system, and the formation of spiritual civilization with the improvement of ideology and morality as the main component. Achieving one target means aiming the five kinds of education and the three kinds of formation at doubling the GNP [gross national product], bringing about prosperity,

and consolidating the socialist position in the rural areas. Socialist education activities in the rural areas should be targeted at construction.

1. We should make the five kinds of education a success. In carrying out rural socialist ideological education, we should stick to ideological education, positive education, and self-education; neither cadres nor masses should become the target of attack; ideological education should permeate the entire process of this activity and become a powerful impetus for boosting economic construction, carrying out organizational building, and solving all kinds of actual problems. Ideological education should be closely combined with practice, during which empty talk should be prevented. These five kinds of education are interrelated, the core being the education concerning confidence in socialism. Through reviewing the changes before and after the founding of the PRC, the changes before and after reform, and the changes in clothing and housing for the last 10-odd years, cadres and masses should be educated to understand that only socialism can save China and that only by taking the socialist road with Chinese characteristics will China have bright prospects. In taking the socialist road with Chinese characteristics, it is necessary to seriously implement the party's basic line and the party's basic rural policy. Therefore, in ideological education, stress should be laid on education concerning policies: Explanations should be provided for cadres and masses on the socialist nature of the household output-related contracted responsibility system; on the significance of the double-tier management system; on the role of the double-tier management system in displaying the strong points of both collective management and individual contracted management; on the adaptability and vitality of this double-tier management system; on the importance of stabilizing, improving, and enriching it; on the necessity to stress the functions of collective unified management, particularly the functions of the service system; and on the importance of expanding the collective economy. Providing explicit explanations on these along with the education in patriotism and collectivism will help the peasants correctly handle the relations of interests between the state, the collective, and the individual. In this way, the peasants will understand that it is their responsibility to fulfill the tasks set in purchase orders and to deliver collective profits to the state. This will help improve the double-tier management system. Explanations should be given to party members and cadres that with the implementation of the household output-related contracted responsibility system, the peasants urgently need service. Without providing good service for production, the peasants cannot be united effectively and the relations between cadres and masses will not improve; providing socialized service is the responsibility of party members and cadres; in improving the double-tier management system, it is necessary to exercise democratic management; democratic discussions should be held among the masses on major public affairs; and matters involving the masses' interests should be explained to them. In short, education in basic policies should be combined with the other kinds of education so

that the peasants will strengthen their confidence in socialism and hold firm to the socialist road with Chinese characteristics.

2. We should strengthen grass-roots organizations with party branches as the core. The first point is improving leading groups. We should build party branches into powerful strongholds which seriously implement the party's line, principles, and policies, which firmly take the socialist road, which closely combine themselves with the masses, and which are full of combat spirit. The crux is to form leading groups which can cope with tasks in the 1990's and are equipped with good party branch secretaries. It is necessary to carry out the mass line and broaden the channel of selecting people so that comrades who are firm in politics (who have a firm belief in socialism and can withstand the tests of all political storms), who are well-versed in economy (who can find a correct way for economic development, who can lead the masses in becoming better off, and who can fulfill the task of doubling the GNP by the end of this century), and who are clean in style (who can form close ties with the masses) can be selected for leading posts. In improving leading groups, we should try to change the mental status of leading group members as much as possible instead of replacing individual members. This is to maintain the stability of leading group members. The second point is improving the system and standardizing village-level work order. Party branches, village committees, economic cooperatives, and other mass organizations should be built and go into operation in villages where socialist education is conducted. We should improve the inner-party activity system, the democratic supervisory system, and the system for appraising party members. It is necessary to exercise strict management over the party, to strengthen party members' education, and to fully display the exemplary vanguard role of party members. Abiding by the relevant criteria, we should train and recruit new party members and guarantee their quality. In particular, we should pay attention to the work concerning young party members and to improving the vitality of grass-roots party organizations in the rural areas. Under the leadership of party branches, village committees should exercise good management over social affairs in their villages and organize the villagers in fulfilling their duties. According to the "Law (for trial-implementation) on the Formation of Village Committees," it is necessary to establish or improve the system concerning villagers' representative meetings and villagers' consultative meetings. Major matters involving villagers' interests should be decided through democratic discussions. Villagers' groups should be improved. Village-level work should be standardized and systematized through socialist education.

3. We should improve the socialized service system based on the double-tier management system. The village-level operational system should be improved during the current rural socialist ideological education. This includes the following tasks: 1) Screening rural collective financial work. According to the requirement of the relevant document, screening financial work should proceed along with

the establishment of the financial system, the establishment of democratic management and supervision over financial work, and the establishment of the auditing system. Through screening financial work, collective finances should be verified with a clear distinction between the debtor and the creditor. Economic problems such as corruption and embezzlement should be seriously dealt with according to the relevant policy and law. 2) Forming or improving the collective accumulation mechanism. This mainly includes collecting the funds and materials embezzled by cadres; repaying the debts the collective borrowed from the peasants; making the peasants clear the debts they borrowed from the collective; improving all kinds of contract systems along with the formation of other related systems, such as the system of contracting for, using, and transferring land, and the system of tilling and protecting land. We should form the collective fixed asset depreciation system; practice compensatory use of land for housing construction; withdraw funds from the profits of all kinds of town and township enterprises, including individual and private enterprises, for agricultural production; and improve the labor accumulation system. 3) Forming village economic cooperatives. Village economic cooperatives are the main component of the village-level double-tier management system, the representative of the collective economy, and the foundation of the agricultural socialized service system. Whether or not village economic cooperatives operate effectively can be judged from whether or not they provide cooperative service. During this socialist education, the production service system should be established to meet the peasants' needs and solve their difficulties in production.

4. We should strengthen spiritual civilization to improve ideological and moral quality. While doing a good job in the five kinds of education, facilities for ideological and political work as well as for popularizing science should be built; village rules and regulations should be formulated, self-governing mass organizations should be built to appraise morality, to change local habits, to stop extravagance in wedding ceremonies and funerals, and to curb superstition, mercenary marriages, and other obsolete practices; we should exercise comprehensive management over social order, deal with thefts, robberies, group gambling, fighting, and other evil practices; we should improve the management of family planning so that it becomes regularized, systematized, and standardized.

5. Focusing on economic construction, we should aim the five kinds of education and the three kinds of formation at doubling the GNP, bringing about prosperity, and consolidating the socialist position in the rural areas. New socialist rural areas must have two conditions: Prosperity and civilization. Neither is dispensable. To put it more specifically, there must be economic prosperity, a better life, social stability, and a good environment in these new rural areas, with public ownership as the main economic form. Economic prosperity arises from development in all fields. Agriculture alone cannot give rise to a better life; rural areas with a developed industry but a backward agriculture cannot be called new socialist rural areas. Both

per capita income and life quality should be taken into account. Both material and cultural life should be rich. A healthy living environment, scientific planning, and fine ecological conditions are necessary. During this socialist education, efforts should be made to develop town and township enterprises, to carry out farmland capital construction, to popularize science and technology, and improve comprehensive agricultural production capacity. We should draw up a plan on the two civilizations with the aim of building new socialist rural areas. This plan should embrace both short- and long-term objectives so as to encourage people.

Of course, it is impossible to solve all problems by carrying out one socialist ideological education movement. But we should bring about marked improvement in cadres' and masses' confidence in socialism, make great progress in the three kinds of formation, and set clear targets for rural development. For this reason, we should abide by high criteria, restrain from doing our jobs perfunctorily, and strictly examine the fulfillment of tasks. In addition, we should also prevent ourselves from taking extreme action. We should stress the importance of stabilizing the overall situation so that we can conduct socialist education in this stable situation. Socialist education will help promote stability. This is the most important condition for developing socialist economic, political, and cultural construction.

NORTHWEST REGION

Shaanxi Province Closes Inspection Stations

92P30034 Xian SHAANXI RIBAO in Chinese
13 Oct 91 p 1

[Summary] Notice of the Shaanxi Province People's Government regarding the elimination or reorganization of highway inspection stations (checkpoints), issued 9 October 1991. (No other notice will be published.)

Since the end of July of this year, with the strong support and cooperation of various levels of government and various concerned departments, our provincial public security organs at all levels have carried out the removal and reorganization of all types of highway inspection stations (check points) throughout the province, achieving relatively clear results and garnering the approbation of the broad masses of people and all levels of society. In the process of clearing out and reorganizing, there were some units which, giving various excuses, resisted or even fought the provincial government's resolution and were determined to maintain the illegally erected stations. In response to this, the public security organs have already levied severe penalties in accordance with the laws.

This elimination and reorganization activity, operating under the principles of protecting the lawful, getting rid of the unlawful, and reducing the superfluous, has resulted in the dismantling of 2,289 illegally established highway inspection stations (check points) across the province. At the same time, a systematic review and approval process was carried out on 289 highway inspection stations previously erected with the approval of the provincial public

security office; 171 of these have been retained. Of these, the public security office has determined to reduce the number of their stations from 115 to 43; the forestry departments and the agricultural and animal husbandry departments have reduced their 174 stations to 128. In addition, in accordance with work requirements and the relevant state regulations, the establishment of eight new fee collection stations, one weighing station, and four seasonal white moth quarantine stations has been authorized. Of these, 184 retained or newly established highway inspection stations, 126 will be specific category inspection stations and 58 will be combined categories inspection stations. The following notice is hereby published with regard to the 184 inspection stations approved for establishment. (A detailed list of the inspection stations is carried in this issue of this newspaper, page four.) [Not translated: see note below.]

1. Each inspection station erected with the approval of the provincial government must uniformly display the inspection station sign issued by the provincial public security office, uniformly display the "Shaanxi Province Highway Inspection Station Permit," uniformly use the vehicle stop sign issued by the provincial public security office, uniformly wear the "Highway Inspection Badge" issued by the provincial public security office, and uniformly utilize the fine, confiscation and fee receipt forms printed by the provincial finance office and the provincial price department. Any station which does not have the above stated certificates and documents is to be considered illegal, and persons being inspected have the right to refuse to be inspected and to report the incident.

2. All highway inspection stations of all types established with the approval of the provincial government must be erected at the stipulated location; the inspectors must carry out their work within the confines of the operating area, and may not covertly enlarge this area or covertly increase the number of inspection stations (check points).

3. The inspection station workers must strictly observe the laws and discipline, treat people with respect, and carry out their duties in a civilized manner. When collecting fees and administering fines, they must strictly carry out the relevant state and provincial stipulated standards; it is strictly forbidden to unauthorizedly invent pretexts and collect arbitrary fees and fines. It is not permissible to take or accept or demand any thing from a person being inspected.

4. Persons being inspected are to actively cooperate with and willingly accept inspection by inspection station workers in the lawful accomplishment of their duties. Persons willfully refusing inspection or impeding the carrying out of official duties will be seriously dealt with by the public security organs according to law in view of the circumstances.

The broad masses of people and all levels of society are requested to oversee the implementation of the above points.

[Translator's Note: On page four of this issue, the lead article lists the 171 provincial inspection stations, the

administrative area and the highway segment on which they are located, the items to be inspected, and fees to be collected. The duties of the stations include traffic control, inspection of/for lumber, cork, rosin, wild animals, plant quarantine, and the American White Moth, and the collection of tolls, road maintenance fees, and "che gou fei" (literally "vehicle purchase fee" which may mean inspection to ascertain if some fee has been paid or the exaction of some unknown type of fee.) The following article lists the nine toll stations for certain road sections and bridges, including the one coal weighing station in Huangling County. A final article lists four stations set up to inspect for presence of the American White Moth. Footnotes state that "traffic control" includes vehicle license, safety equipment, driver performance, illegal cargo and other inspections; "lumber" includes all types of lumber and lumber products, semi-finished products, fuel wood (charcoal), bamboo, and poles; "wild animals" includes all state protected animals and their products; "plant quarantine" includes tree seeds and seedlings and forest plants and forestry products. Fees were not explained.]

Shaanxi Meeting on Appraisal of Judicial Work
HK2911090991 Xian Shaanxi People's Radio Network
in Mandarin 0030 GMT 28 Nov 91

[Excerpts] A formal plenary meeting of the 24th session of the seventh provincial People's Congress was held yesterday. The participants listened to the report given by Mao Shengxian, vice chairman of the congress Standing Committee, on organizing people's representatives to assess the work of public security, procuratorial, law-enforcing, and judicial organs. [passage omitted]

Wei Minghai, vice chairman of the provincial People's Congress Standing Committee, presided over the meeting. Li Xipu [congress head] and vice chairmen Sun Kehua, Xiong Yingdong, Liu Lizhen, Tao Zhong, Chen Xuejun, and Gao Lingyun attended the meeting. Persons in charge of relevant departments, including Zheng Silin, vice provincial governor, were present as nonvoting delegates.

In his report to the 24th session yesterday, Mao Shengxian, vice chairman of the provincial People's Congress Standing Committee, stressed: Various localities must popularize the practice of organizing the people's representatives to assess the work of public security, procuratorial, law-enforcing, and judicial organs, so that this supervisory method, which has a strong vitality, can play a greater role in our political life and constantly prompt the improvement of the People's Congress system. [passage omitted]

This practice has resolved a batch of major issues in law enforcement that the masses are highly critical about and resolved issues in the building of an honest, clean work-style and redressed the inappropriate handling of a batch of cases. According to incomplete statistics, by early November, the experimental counties and districts had wound up 1,610 long-pending cases. Seven counties and cities ferreted out 387 cases that should have been filed, involving 19 people who should have been arrested and 167 people who should have been listed as suspects. Besides, a batch of cases of law and discipline violation by

law enforcement cadres and men had been uncovered and punished. In the experimental counties and districts, 340 cadres and men involved in law or discipline violation had been exposed and 247 of them had been given legal or disciplinary punishment or removed from office. Meanwhile, a batch of incompetent contract policemen and joint-defense personnel had been dismissed.

Furthermore, the inspection and assessment has helped improve the political and judicial work, strengthen the building of a clean, honest work style, promote social stability, and push forward economic construction.

Mao Shengxian also said: Organizing the people's representatives to inspect and assess the work of public security, procuratorial, law-enforcing, and judicial organs gives play to the role of people's representatives in the handling of political affairs. This way, we can better implement the mass line under the supervision by the masses and give play to the master's status of the masses as managers of state affairs. [passage omitted]

Shaanxi Sets Annual Science, Technology Month
HK3011071091 Xian Shaanxi People's Radio Network
in Mandarin 0030 GMT 27 Nov 91

[Text] The provincial party committee and government yesterday decided to unfold a month-long extensive and in-depth propaganda activity called a "science and technology window" during each year's Lunar New Year Festival period as of next year. The first science and technology window activity is to fall on 20 January, 1992, and wind up on 20 February 1992.

The activity is intended to make science and technology universal in the whole province, to enable broad masses of cadres and people to fully understand the nature of, the position of, and the role played by science and technology in socialist modernization building, to enhance to the greatest possible extent their understanding of the significance and importance of scientific and technological productive forces liberation, and to turn scientific and technological productive forces into a powerful motive force capable of propelling our provincial and national economic and social development. The activity is a strategic measure for fulfilling the Eighth Five-Year Plan and the 10-Year Program and an important guarantee for resisting and preventing peaceful evolution and consolidating socialist system.

In carrying out this activity, we must try to educate and guide broad masses, especially leading comrades at all levels, to strengthen a sense of mission and a sense of urgency, mobilize broad masses, enable them to make full use of their brains to usher in a new upsurge of invention and creation activities of a mass character, popularize advanced science and technology on an extensive scale, speed up scientific and technological achievements transformation, and adopt effective measures to bring about a comprehensive qualitative improvement among all laborers, including workers and peasants, in hopes of

laying a solid foundation for successfully attaining the second-stage strategic goal for socialist modernization building.

The provincial party committee and government called on various areas, departments, and units to make full use of their existing science and technology popularization fronts and means, to take all possible measures to actively push ahead with those science and technology popularization activities favored by broad masses of people, to make those activities influential in the society in line with their own local conditions, to hold more science and technology popularization report meetings, forums, exhibitions, and knowledge competitions, to open more science and technology display windows, to stage more science and technology popularization performances, to show more movies about science and technology, and to provide scientific and technological consultation services on the streets.

Supervision of Mining Industry Urged

92CM0085A Urumqi XINJIANG RIBAO in Chinese
12 Oct 91 p 3

[Author unnamed: "Carry Out Mining Oversight and Management in Accordance With the Law—Mao Dehua, Vice Governor of the Autonomous Region, Talks With Reporters on the Fifth Anniversary of Implementation of the Mineral Resources Act"]

[Text] Mining is an important mainstay of Xinjiang's economy. The autonomous region's Eighth Five-Year Plan and Ten-Year Development Program place great importance upon development of petroleum, coal, nonferrous metals, and gold. On 1 October, the fifth anniversary of the Mineral Resources Act, reporters asked Mao Dehua [3029 1795 5478], vice governor of the Autonomous Region, to talk about the oversight and management of the mining industry in Xinjiang.

Q: *What progress has been achieved in mining management in Xinjiang since the first All-Xinjiang Mining Management Conference in March 1987?*

A: By exercising the governmental functions established by the Mineral Resources Act, all levels of government and mining agencies in Xinjiang have gradually changed the situation in which mining management work in Xinjiang lagged behind that in the advanced provinces. Standard procedures for registering and issuing authorization for exploration and mining operations have been established, mining oversight and management work have started, the legal system governing mineral resources has been further perfected, and the framework of mining management organs has been basically completed.

Q: *How about order in Xinjiang's mining industry?*

A: "Improving order in the mining industry" is a comprehensive indicator of the quality of oversight and management of mining. Although Xinjiang has entered the "basically improving" category, to be perfectly honest, "entered" is all you can say; we are still lagging behind the

advanced provinces. The goal set in the All-Xinjiang Mining Management Conference last June was to catch up with the leading provinces by 1993.

Q: *What is the next step for mining management in Xinjiang?*

A: During the Seventh Five-Year Plan, the focus was on improving the mining industry's external environment and on rationalizing relationships between the various government agencies involved in the industry. The task of mining management during the Eighth Five-Year Plan will be even more difficult.

Take mining oversight, for example. One of the main aspects of mining oversight involves oversight and management of "the three rates" (the rate of recovery, the exhaustion rate, and the ore preparation recycling rate.) During the Seventh Five-Year Plan, we mainly emphasized that proper registration procedures had to be observed to carry out exploration and mining activities. It was frequently said back then that the mining industry was in chaos and that we had to put a stop to indiscriminate digging. This primarily referred to unlicensed mining. In reality, after obtaining mining licenses, there was still a problem with mining enterprises engaging in indiscriminate digging and wasting resources. There were several main problems: enterprises either lacked plans or failed to build mines in accordance with plans; and mines concentrated solely on high-yield veins while ignoring intergrowth and associated deposits. The 1990 Annual Statistical Report on the Development and Utilization of Mineral Resources in the Autonomous Region indicates that the rate of recovery only averaged 42 percent in state-run coal mines and 30 percent in collective coal mines. In short, we are only able to extract 30 to 40 tons for every 100 tons of proven reserves, while 60 to 70 go to waste. It was stated during the 13th National Party Congress that "we must be aware that it is useless to try to develop the economy by relying on backward technology, outdated management practices, and high levels of resource consumption." The development of mining in Xinjiang and other provinces and regions is the same. Mining enterprises produce products badly needed by the people and satisfy the people's expanding material demands, but on the other hand, the abnormal consumption of mineral resources is still high. Most mineral resources are not renewable; every bit used means less is left for the future. We must think about our descendants, strengthen management in accordance with the law, and spur the conversion of the mining industry from "excessive resource consumption" to "resource conservation." Mineral resources are limited, and China's current historical phase is that of accumulation of wealth and materials, so voluminous consumption of resources is unavoidable. For this reason, our responsibility is to reduce excessive abnormal resource consumption to the lowest possible level in the midst of this high consumption historical phase. In a nation as populous as ours, it is not feasible to rely totally on imported resources to develop the economy. Only through self-reliance can we establish our position among the nations of the world.

Q: How do you intend to do a good job in oversight and management of "the three rates?"

A: The first thing is to formulate the "the three rates" and incorporate them into mining enterprise contracts, making them an important factor in contract quotas and in decisions on raising enterprise classification. Then we have to examine the way we oversee "the three rates" and establish internal and external "three rates" oversight channels. The internal "three rates" oversight channel within enterprises will be implemented by enterprise geological survey organs. Every mining enterprise must establish a sound geological survey organ; it will be both the internal enterprise mining oversight and management organ and the organ which will detect changes in the ore body during the course of mining operations. Outside the enterprise, oversight and management will be carried out by mining oversight and management organs at every level of government. We will use legal and economic means to see that enterprises meet design or revised "three rate" targets.

The status of collectively owned township mining enterprises is more complex. Not only are they weak from a technological standpoint, surveys indicate that many which claim to be collective enterprises are actually owned by individuals, so we must first make sure of the correct ownership category to which enterprises belong, and then continually improve management and resource utilization rates. We believe that the upper limit on the size of enterprises classified as privately owned enterprises specified in the Mineral Resources Act should be strictly adhered to, not expanded. In a word, we must fully bring the leading role of mining enterprises under the ownership of the whole people into play, fully tap their advantages in management and technology, and thereby spur the development of collectively and privately owned township mining enterprises. We must do a good job of developing, utilizing, and protecting mineral resources.

Q: Is oversight and management of the development, utilization, and protection of mineral resources the only aspect of "three rates" management?

A: Oversight and management of the development, utilization, and protection of mineral resources is not the only aspect of "three rates" oversight and management; it is an important aspect of this work, but not the only one. Multipurpose recovery and utilization of mineral resources are also important aspects of this work because China's mineral resources are unique in many ways compared with those of other countries. One unique point is that China has many intergrowth and associated mineral deposits (components) and few single-mineral deposits. For example, China has almost no single-mineral nonferrous metal deposits; there are 20 types of nonferrous minerals (elements) associated with tungsten deposits, including copper, lead, zinc, tin, molybdenum, bismuth, gold, silver, and sulfur. It is the same with copper and iron. Sedimentary deposits are also characterized by intergrowth and associated minerals. For example, intergrown with coal are clay, alumina, pyrite, etc. These characteristics provide the conditions for multipurpose utilization, but there is still a large gap between China and the

developed nations in the area of multipurpose recovery. To take the smelting of nonferrous metals as an example, China recovers one-fourth the amount of associated components that the Soviet Union does, and China's recovery and utilization rate is half that of Japan. This shows that although China has begun to implement multipurpose recovery and utilization, we still fail to recover and utilize many useful components.

With regard to multipurpose mining, there are some big problems. Quite a number of mining enterprises in China only mine the principal mineral in a deposit while ignoring intergrowth. This is also true in Xinjiang. Neglecting multipurpose mining and recovery of mineral resources causes destruction and waste.

Q: What is the state of local mining legislation?

A: The Seventh National People's Congress of the Xinjiang Autonomous Region in 1988 passed the Management Procedures for Collectively and Privately Owned Mining Enterprises in the Autonomous Region. In order to thoroughly implement these procedures, we still need to formulate a set of complementary legislation. For this reason, we have stepped up the drafting of legislation since the Third Mining Management Conference. Drafting of the Management Procedures for Collectively and Privately Owned Mining Enterprises in the Autonomous Region has been completed, and it has been sent to the autonomous region's people government. After examination and approval, it will be implemented by the people's government. There are several laws now being drafted, including: Implementation Procedures for Annual Inspection of the Oversight and Management of Mining Enterprises in the Autonomous Region; Procedures for Administrative Punishment for Violation of the Mineral Resources Act; and Temporary Provisions of the Autonomous Region for the Collection of Mineral Resource Compensation Fees.

Q: Are mineral resources ever used without compensation?

A: The Mineral Resources Act stipulates that "mineral resources belong to the state." It further states, "The state shall carry out compensated exploitation of mineral resources. Enterprises exploiting mineral resources must pay a resource tax and a resource compensation fee in accordance with the relevant state regulations."

The system of compensated exploitation of mineral resources is a way for the state to exercise ownership of mineral resources. In China, where various economic components co-exist and where rights of use and ownership are separated, uncompensated utilization of mineral resources would be equivalent to the unnecessary loss of a portion of the state's property rights, so uncompensated utilization of mineral resources would not be right in the eyes of the law.

In terms of economic theory, mineral resources, as objects of labor, have value. On the one hand, this is the value (or potential value) of the mineral resources themselves; in addition, the state must expend great quantities of materialized labor and human labor to prove available mineral reserves. When a mining enterprise consumes mineral resources in the process of mining and utilizing mineral

reserves, in reality it is consuming the wealth of the state, so the state should and must receive compensation.

Carrying out the system of compensation for mining activities helps to assure rational utilization and protection of mineral resources. In addition to other systemic factors, uncompensated utilization of mineral resources is an important reason why indiscriminate digging and destruction of mineral resources is so severe, and why mining enterprises are concerned only about quantity and not about managing reserves and utilizing resources more efficiently.

Some major countries with abundant mineral resources, such as the United States and the Soviet Union, implemented compensated mineral resource utilization systems long ago. Some provinces (regions) in China, such as Shaanxi, have also promulgated regulations regarding compensation for the mining of mineral resources. The system of compensation for the mining of resources not only benefits the state's fiscal revenues, strengthens inputs in the mining sector, and improves the utilization and protection of mineral resources; furthermore, it helps mining enterprises improve management quality and economic benefits. We hope that the system of compensated mining of mineral resources can be implemented in Xinjiang as soon as possible.

Minister of Chemical Industry on Xinjiang

92CM0085B Urumqi XINJIANG RIBAO in Chinese
12 Oct 91 p 1

[Article by Yang Shenglong (2799 3932 7893): "Reacquaint Yourself With Xinjiang, Vigorously Support Xinjiang—an Interview With Gu Xiulian, Minister of Chemical Industry"]

[Text] Specialists, industrialists, and leaders of the relevant organs in the central government and various provinces and municipalities gathered this month in Urumqi to participate in the conference for economic and technological cooperation in the capital construction of Xinjiang's chemical industry complex. On 9 October, Gu Xiulian [7357 4423 5571], minister of chemical industry, took time out of her busy schedule to inspect the Changji chemical fertilizer factory's 10,000-ton phosphamidon expansion project.

In September of last year, Minister Gu Xiulian led a study team from the Ministry of Chemical Industry to Xinjiang at the request of the party committee and government of the autonomous region to carry out a nine-day study. They were left with a deep impression of the resources of Xinjiang's chemical industry. While exchanging views with Song Hanliang [1345 3352 5328] and Tomur Dawamat, leaders of the Xinjiang Autonomous Region, she expressed three deeply felt thoughts. First: I fell in love with Xinjiang the minute I arrived and felt it was indeed a good place. Second: We must reacquaint ourselves with Xinjiang and change the incomplete understanding of Xinjiang that we have had in the past. Third: We must fully tap Xinjiang's advantages in the area of resources, accelerate planning and construction of the chemical

industry complex, and spur the development of Xinjiang's economy. After returning to Beijing, Gu Xiulian wrote a report entitled "Reacquaint Yourself With Xinjiang, Vigorously Support Xinjiang," in which she recommended vigorous development of Xinjiang's chemical industry.

As Gu Xiulian recounted this episode, many chemical industry colleagues from around the country smiled knowingly.

Gu Xiulian, who grew up in the verdant south, has previously served as deputy director of the State Planning Commission, deputy secretary of the Jiangsu provincial party committee, and governor of Jiangsu Province. She has long experience in leading economic development. On this return trip to Xinjiang, she deepened her understanding of the region. She said, "Xinjiang is indeed different from the inland provinces. The land is vast and the population sparse, there is little rain, and the industrial base is relatively weak. This is only one side of the coin, though. At the same time, Xinjiang enjoys an advantageous combination of resources, including rich reserves of petroleum, natural gas, coal, salt, and other chemicals. Its solar, geothermal, and soil resources are outstanding. It has a long history of international trade, and its various ethnic groups are hard working and hospitable. The enormous development potential of Xinjiang is difficult to match in many coastal and inland provinces."

A reporter asked why the chemical industry should take the lead in accelerating economic development in Xinjiang.

Gu Xiulian's answer: In the first place, the region, the nation, and the world all demand various chemical products, so the market is big. Second, chemical industry produces primary products. Not only is it closely linked with agriculture, but it also has close links with other sectors, including light industry, textiles, machine-building, electronics, and building materials. By developing the chemical industry, we can spur the development of other industries. In particular, developing the chemical industry will bring significant economic benefits. By most calculations, for every yuan worth of raw material, the value of semi-processed chemical goods made from it is 10 yuan, and if it is further processed into light industrial products with the highest value-added level, the value goes to 100 yuan. This will make an enormous contribution to the effort to improve fiscal revenues in the autonomous region.

How are we to accelerate the construction of Xinjiang's chemical industry complex? Gu Xiulian believes that, in general, thought processes must be more flexible. We must take the long view when thinking about problems, we must take more pragmatic steps, and some plans must advance at a faster pace than others. We must get rid of old ideas, break free from the limitations of the current system, and find a new approach to our problems. It is unlikely we will be effective if we do everything in completely the same manner as before. In general, we must adopt the following five approaches: First, we must break down the barriers

between different sectors and regions and build a multi-purpose, large-scale petrochemical complex. Second, in order to develop and utilize petroleum and natural gas, we must formulate a unified plan and implement it one step at a time. Third, we must consolidate, perfect, and develop construction of the Zepu petrochemical complex. Fourth, we must accelerate construction of a salt chemical industry and inorganic salt chemical industry complex. Fifth, we must set about developing a coal chemical industry, and study the use of wind and solar power.

How should we achieve the aforementioned goals? Gu Xiulian said that we must rely first on state support, second on our own efforts, and third on the support of coastal and inland provinces and municipalities. It was precisely in order to cooperate in this development that chemical industry colleagues from Jiangsu, Zhejiang, Shanghai, Tianjin, Guangdong, Shandong, and Sichuan took part in this conference.

Gu Xiulian then revealed to reporters the plans of the Ministry of Chemical Industry for spurring the economically developed provinces and municipalities to launch economic and technological cooperation in an effort to accelerate the development of a chemical industry complex in Xinjiang. She said that participation in economic and technological cooperation must of course be voluntary, and these activities must be of benefit to all parties. The concessionary policies that the autonomous region is formulating and has already formulated are intended precisely to assure the interests of work units engaged in cooperation, but there is one other stipulation which has received emphasis in the Eighth Five-Year Plan and the Ten-Year Development Program—economic development in areas populated by ethnic minorities must be actively supported. Gu Xiulian believes that this cooperation must be multitiered and multifaceted, must grow progressively broader and deeper, and proceed forward in a stable manner under the guidance of the state's industrial policy....

Now we are on the road and drawing near the Changji chemical fertilizer factory. As the interview comes to a close, Gu Xiulian says with emotion that we are here to learn from the different ethnic groups in Xinjiang and to serve them. Building on its current foundation, Xinjiang will develop greatly in the next ten years. We hope that Xinjiang's chemical industry will develop faster, and we will do everything we can to achieve that end. We will make a contribution to the prosperity and strength of Xinjiang.

Xinjiang Construction Corps Holds Meeting

92CM0087A Urumqi XINJIANG RIBAO in Chinese
1 Oct 91 p 2

[Article by staff reporters Kuang Jian (2568 0256) and He Ruilan (0149 3843 5695): "Emancipate the Mind, Pay Real Attention, and Do Solid Work—Sidelights on the Fifth Plenary Session (Enlarged) of the Third CPC Committee of the PLA Xinjiang Production and Construction Corps"]

[Text] The sun was pleasantly warm in the golden autumn month of September. The delegates attending the Fifth Plenary Session (Enlarged) of the Third CPC Committee of the PLA Xinjiang Production and Construction Corps were in the midst of a serious discussion about the report made at the meeting by Guo Gang [6753 0474], secretary of the corps party committee, entitled "Strive to Build Modern Socialist Regimental Crop and Livestock Farms."

The delegates thought that the fighting goals put forward by the report reflect the party's practical and realistic spirit. Although the standard is high, it is attainable through hard work.

Comrades of the Hami Administrative Bureau said that to build modern state farms and increase the corps' economic strength is required by the developing domestic and international situation, determined by the position and role of the corps in Xinjiang, and the wish of the corps' more than 2.2 million workers and staff members. To achieve the fighting goals put forward by the "report," it is necessary to emancipate the mind, adopt new ideas, and eliminate the ideological roots of the trammels hindering the development of the corps' productive forces; and to persist in vigorously developing the town and township enterprises, with agriculture as the foundation, industry as the leading factor, and circulation as the lever. It is necessary to rely on policies and technology, mobilize a mighty force, and work really hard to build modern state crop and livestock farms.

The delegates pointed out that the introduction of optimum-scale farming may encounter many new contradictions and problems. It is imperative to strengthen the leading bodies, vigorously forge ahead, courageously blaze new trails, and display an active, exploring, tenacious, and realistic spirit. Otherwise, it will be difficult to succeed.

Ren Youzhi [0117 0645 1807], deputy secretary of the party committee and commander of the Seventh Agricultural Division, said: The present situation of the corps' economic development is good, and it is very timely to call for the building of modern socialist regimental crop and livestock farms. However, in building such regimental farms, we must not rely on enthusiasm alone and be overanxious for quick results, but should act according to scientific laws, adapt measures to local conditions, have good plans, make experiments, and popularize the results step by step. For example, in readjusting the size of the companies, we cannot simply have them merged and consider the job done, but should do a good job in preparatory work beforehand to create the conditions for their smooth merger and contribute to the development of the productive forces.

Shao Jiliang [6730 4764 5328], secretary of the party committee of the Eighth Agricultural Division made a speech on the special subject of the development of town and township enterprises by the Eighth Agricultural Division. He said: We must really regard the development of town and township enterprises as a major measure for readjusting the economic structure of the regimental farms and developing modern socialist regimental crop and livestock farms. To achieve the economic development of

the regimental farms, we must first succeed in developing the town and township enterprises. Not long ago, we have formulated a 10 Year program and the Eighth Five-Year Plan for the development of town and township enterprises, which should be further adjusted, strengthened, and improved according to the spirit and calls of this meeting, so that by 2000 the total output value of the division's town and township enterprises will make up 75-80 percent of the total industrial and agricultural output value of all its regimental farms and really become a major industry of the economy of the regimental farms.

Zhou Shuyi [6650 2579 5030], deputy secretary of the party committee and commander of the Eighth Agricultural Division, said that by 2000 the Eighth Agricultural Division will have established a number of key enterprises, including two to three town and township enterprises each with an output value of more than 100 million yuan, five to seven with an output value of more than 50 million yuan each, and 10 to 20 with an output value of more than 10 million yuan each. With the town and township enterprise development zones of the 148th Regimental Farm, the 152d Regimental Farm, and the Shihezi Township as models, new town and township enterprise development zones will begin to take shape in the vicinity of every regimental farm, and new types of cities and towns with army reclamation characteristics will mushroom, where farm and industrial workers will live in buildings of two or more stories, with central heating, electric power, and gas stoves, served by paved roads and communications networks, and dressed in fashionable clothes. Thus the regimental farms will become modern socialist state farms, which will be politically stable, economically prosperous, culturally advanced, and materially abundant, where the masses of workers and staff members will live and work in peace and contentment.

Chen Jianyuan [7115 1696 3293], commander of the 133d regimental farm, chosen as one of the pilot regimental farms for optimum-scale farming, made a special-topic speech at a panel meeting. He said: First of all we must act according to scientific laws and do a good job in planning. Next we should readjust the agricultural planting pattern and introduce suitably large-scale farming to facilitate large-area crop rotation. We must be determined to improve the agricultural production conditions and build water conservancy projects complete with drainage and irrigation facilities. A suitable agricultural machinery service system and an irrigation system should be established. A good job should be done in the urbanization of the areas of the regimental farms' headquarters and residential housing developments. It is also necessary to actively organize manpower and resources to develop the secondary and tertiary industries and farm-run enterprises.

Si-ma-yi Mai-he-su-ti [phonetic], deputy political commissar of the Xinjiang Production and Construction Corps, spoke on the development of regimental farms of minority nationalities at a panel discussion of the Third Agricultural Division. He said: The Third Agricultural Division is located in the impoverished southern part of

Xinjiang, and more than half of the division's total population is people of minority nationalities. The development of the regimental farms of minority nationalities is extremely important. In addition to giving policy and economic support to these farms, it is also necessary to vigorously promote education for them. In the Xiaohaizi reclamation area alone, there are more than 6,000 illiterates among the minority nationalities. How can these people keep pace with the building of modern socialist crop and livestock regimental farms? It is also necessary to strengthen the training of minority nationality cadres and strive to improve their scientific and educational quality and management standard.

Comrades of the corps judicial departments said: In building modern crop and livestock regimental farms, we must act according to law. For example, in running town and township enterprises, the regimental farms must first of all straighten out various relations according to relevant laws and regulations on such questions as the body corporate, loan guarantees, and so forth. In order to run town and township enterprises, the regimental farms should study, understand, and act according to law.

Party Journals, Party Papers 'Important Work'
92CM0087B Urumqi XINJIANG RIBAO in Chinese
2 Oct 91 p 1

[Article by staff reporter Jia Zhaoxin (6328 0340 2450): "Pay Attention to the Important Work of the Distribution of Party Papers and Party Journals"]

[Text] At a telephone conference on the publication of newspapers and periodicals in the autonomous region in 1992, jointly held by the Propaganda Department of the Regional CPC Committee, the Regional Economic Commission, and the Regional Post and Telecommunications Administration on the afternoon of 29 September, Janabil, deputy secretary of the Xinjiang Uygur Autonomous Regional CPC Committee, pointed out emphatically: Newspapers and periodicals published at different levels should have different focal points, and they should stick to these focal points. Attention should be paid to the important work of the distribution of party papers and party journals.

With the vigorous support from party committees and government departments at all levels, remarkable successes have been achieved in the publication of newspapers and periodicals in the region in 1991. According to statistics, as of the end of June this year, the number of newspapers and periodicals published in the region totaled 5.37 million copies, an 18.3 percent increase over the same period last year. There is an average of one newspaper or periodical for less than every three persons in the region. After the three municipalities of Beijing, Tianjin, and Shanghai, Xinjiang ranks first among China's provinces and autonomous regions in the number of newspapers and periodicals per capita.

Janabil pointed out: party papers and party journals are the important media for publicizing party and government

principles and policies, consolidating the socialist ideological and cultural position, and guiding public opinion. They are the backbone force on China's press and publishing front. Doing a good job in the distribution of party papers and party journals is an important way to transmit the voice of the party and government promptly, swiftly, and extensively to the masses of the people of all nationalities. Party committees at all levels should be personally concerned about and give direction to the propaganda departments and postal departments to jointly carry out this task.

He said: The RENMIN RIBAO, QIU SHI ZAZHI [TRUTH SEEKING MAGAZINE], XINJIANG RIBAO, ZHIBU SHENGHUO [PARTY BRANCH LIFE], and other central and local party papers and journals should all be given our full attention. We should give wide publicity among the cadres and the masses to the great significance in subscribing to, reading, and using the party papers and journals in the new situation and strive to expand the distribution channels and increase the distribution of the party papers and journals.

He pointed out: There is still great potential for the distribution of party papers and journals in the grassroots units in cities and towns and in rural townships in the agricultural and pastoral areas of the region. Efforts should be made to put at least one party paper or journal in every grassroots unit, including workshops and work shifts and teams of enterprises and establishments in cities and towns, classes in institutions of higher education, guest-houses, inns, hostels, administrative villages in agricultural and pastoral areas, and companies of the regimental crop and livestock farms.

Janabil stressed: The distribution of party papers and journals should be backed by authority. Party propaganda departments and postal departments at all levels should conscientiously give top priority to the distribution of party papers and journals, as compared with other papers and periodicals. It is wrong for any unit and individual to interfere with the distribution of party papers and journals by administrative or economic means or to divert the distribution funds for party papers and journals for other purposes in order to promote the publication of their own department's professional papers or journals. Such behavior must be stopped and corrected. At the same time, the outstanding central and regional papers and magazines, such as the JINGJI RIBAO, GUANGMING RIBAO, ZHONGGUO QINGNIAN BAO, and GONGREN RIBAO as well as the LIAOWANG weekly, BANYUETAN (including the Uygur language edition), and MINZU TUANJIE [NATIONAL UNITY], published by the XINHUA News Agency at the request of the CPC Central Committee Propaganda Department, should all be given active support in their publicity and distribution to the intended readers.

In conclusion, Janabil called on government departments at all levels to give vigorous support to the work of the postal and telecommunications departments and as far as possible create conditions to facilitate their work. The propaganda departments should also regard the delivery of

party papers and journals as an important part of the party's propaganda work and actively assist and coordinate with the postal and telecommunications departments in making deliveries and soliciting subscriptions.

Regulation Encourages Urban Personnel To Relocate

92CM0087C Urumqi XINJIANG RIBAO in Chinese
15 Oct 91 p 1

[Article by staff reporter Ai Min (5337 3046): "Interim Provisions Concerning the Relocation of Professional People From Cities to County and Township Enterprises Approved"]

[Text] More than 70 percent of the professional and technical personnel in the region are concentrated in a few large- and medium-sized cities, while many county and township enterprises are often unable to find qualified people. The key to solving this problem lies in policy guidance. For this reason, the People's Government of the Autonomous Region issued a circular recently, approving the "Interim Provisions Concerning the Relocation of Professional, Technical, and Managerial Personnel From Urban Areas to County-level Industrial Enterprises and Rural Township Enterprises," submitted by the Personnel Department of the Autonomous Regional Government, thus introducing a more flexible, preferential, and relaxed policy for the rational relocation of professional people from "higher" to "lower" levels.

The "provisions" have made the following breakthroughs: 1) Besides getting transferred, resigning, going on loan, or working part-time, persons currently employed by enterprises or establishments above the county level, who want to go to work for county and township enterprises, may also choose to take leave without (or with) pay for a maximum of three years. 2) Graduates of "7 May" universities in urban areas at and above the prefectural and autonomous prefectural (city) level, graduates of "7 May" universities among employed workers, and various kinds of self-paying college and special-secondary-school graduates not assigned jobs by the state, who voluntarily choose to work for county and township enterprises, may be hired as state cadres upon approval by relevant personnel departments and according to the special standards set by the regional government. 3) While working for county and township enterprises, the scientific, technical, and managerial personnel, who have won third-class regional awards or second-class prefectural awards for the scientific and technological projects under their supervision, developed new products to fill in gaps for the region, or obtained national patents, may be recommended for senior or intermediate professional or technical job titles according to their contributions. Those who are workers or peasants may be reclassified as state cadres. Those who produce their own grain may have their residence status changed from agricultural to nonagricultural. 4) The operators or contractors of rural township enterprises, who have increased the enterprises' annual output value to more than 5 million yuan and profit and taxes to more than

500,000 yuan, and those who have increased the enterprises' annual output value to more than 10 million and profit and taxes to more than 1 million yuan, may be appointed respectively to intermediate and senior professional or technical positions. They may also receive the preferential treatment of being reclassified as state cadres and having their residence changed from agricultural to nonagricultural. 5) The professional, technical, and managerial personnel, who work for county and township enterprises as a second job after fulfilling their responsibilities on their first job, may keep all the income from the second job after paying taxes. Those who divide their working time between the two jobs may keep 50 percent of their income from the second job after paying taxes, and the other 50 percent will go to their first employer.

The "provisions" also give more preferential treatment to the professional, technical, and managerial personnel going to work for county and township enterprises in wages, allowances, income distribution, job titles, job-related moves, and other matters concerning their personal interests.

Janabil Emphasizes Opposing 'Peaceful Evolution'

92CM0086A Urumqi XINJIANG RIBAO in Chinese
10 Oct 91 p 1

[Article by Zhang Yu (1728 6735), our own correspondent from Urumqi: "At the Study Group of Heads of Marxism-Leninism Teaching and Research Departments of Institutions of Higher Learning in the Xinjiang Autonomous Region, Janabil Emphasized the Need To Intensify Theoretical Education at Institutions of Higher Learning and of Opposition to 'Peaceful Evolution'"]

[Text] At the study group meeting of heads of Marxism-Leninism teaching and research departments of institutions of higher learning on 8 October, Janabil [6328 6719 1580 1422], deputy secretary of the Autonomous Region's CPC Committee, declared emphatically: "We must start out from opposition to 'peaceful evolution' and from a vigorous strategy of nurturing constructive elements for the socialist cause, as well as of nurturing a generation of successors, in further efforts to intensify and improve theoretical education in Marxism-Leninism at our institutions of higher learning, and to raise education in Marxist theory to a higher level of prominence."

Janabil pointed out: Presently, we must advance knowledge of the important function of Marxist theoretical education and in all earnest afford Marxist theoretical education an important position in the curricula of our schools. Conducting Marxist theoretical education among our young students is a demand posed by the character and the educational purpose of our socialist institutions of higher learning. It is also one of the fundamental ways in which socialist education shows itself to be different from capitalist education. The fundamental mission of socialist education is to make use of Marxism in the upbringing of men, and to nurture constructive elements with socialist consciousness and culture, as well as to nurture their successors. Conducting Marxist theoretical education among our young students is also a fundamental means

and basic way for the all-round implementation of the party's educational policy; it means upholding the socialist direction in running our schools, and means, furthermore, accomplishing the educational mission of our institutions of higher learning.

Janabil emphasized that the university students of this generation are just now in their formative stage of shaping their world view, outlook on life, and value concepts. At this stage, it is critically important for the healthy development of the present generation of university students that they should indeed form an accurate world view, outlook on life, and accurate value concepts, namely of a nature that will accord with the demands of the motherland and the people. The leadership in the educational departments at all levels, pursuing a vigorous strategy of opposition to "peaceful evolution" and aimed at winning over the successor generation, has come to realize the need for, and are actually intensifying, Marxist theoretical education at the institutions of higher learning; this is a historical mission that has been bestowed on them by the party and by the people.

When discussing the guiding principles of earnestly implementing the integration of theory with practice, Janabil demanded of all institutions of higher learning that they actively carry out educational reform in the spirit expressed in the relevant documents issued by the State Education Commission. It is particularly necessary to closely integrate theoretical education with the present domestic and foreign situation and with the actual ideological state of the students. It is necessary to integrate historical experiences with the current struggle, and to impart an education of opposition to distortion and confusion, and one of opposition to "peaceful evolution," so as to strengthen the immunity of the students. It is necessary to continuously conduct an education that will affirm confidence in socialism and nurture the spirit of serving the people, that will arouse in our students the spirit of exerting oneself and forging ahead in efforts to bring about the socialist modernizations, a spirit of rendering outstanding service to the country, and of successful work for the cause.

When discussing strengthening leadership in Marxist theoretical education, Janabil especially emphasized that the party and government leadership in the institutions of higher learning must accept the effective teaching of Marxist theory as their very own responsibility, and must make it a key discipline and an item of a fundamental constructive function in their schools. Every college and university shall appoint a party secretary or college/university president who is well versed in Marxist theory and has a good grasp of the laws of education to be in charge of the theoretical education, a person who will regularly check up on the state of such teaching, who will participate in important activities of the teaching and research offices (departments), and who will furthermore, as far as possible, concurrently teach a course in Marxist theory or initiate special symposiums on Marxist theory.

The meeting was attended by over 700 party secretaries, faculty and departmental secretaries, teachers, and political assistants.

Xinjiang Academy's Antiseparatist Efforts

92CM0086B Urumqi XINJIANG RIBAO in Chinese
4 Oct 91 p 1

[Article by Pei Yingming (5952 5391 2494), our own correspondent from Urumqi: "Reality-Oriented, Society-Oriented, in Service to the Present State of Affairs—Research Personnel of Every Nationality at the Xinjiang Academy of Social Sciences Have Made Outstanding Contributions and Taken a Clear-Cut Stand in the Struggle Against Ethnic Divisiveness"]

[Text] In the course of its scientific research, the Xinjiang Academy of Social Sciences has firmly upheld its reality-oriented, society-oriented research direction, in its efforts to be of service to the present state of affairs. In the autonomous region's ideological struggle against ethnic divisiveness, the Academy has been guided by Marxism in upholding historical materialism. It has analyzed and criticized the serious political mistakes, untruths, and falsified compilation of historical facts committed by Turghun Almas in his three books, *The Uyghur*, *Short History of the Xiongnu*, and *The Ancient Literature of the Uyghurs*. The Academy made this criticism an important item of its research program, organized presently employed as well as retired research personnel for a joint offensive and for a coordinated fight, in order to eliminate the pernicious influence emanating from the said three books, an influence that has had effect among the many cadres of various nationalities. The research personnel of the academy made an outstanding contribution in furthering knowledge of Xinjiang's history and of the history of the ethnic minorities, achieved a clear understanding of the fact that Xinjiang is an inseparable part of the great motherland, and they thereby resolved most thoroughly the ideological-theoretical problem of countering ethnic divisiveness.

At the end of last year, the Academy of Social Sciences, in accordance with a unified plan of the Autonomous Region's party committee, organized groups for critical reading of Turghun Almas' said three books. For participation the academy organized specialized scholars of ethnic minority and Han nationality, key members of its research teams, presently employed leading cadres, as well as veteran comrades in retirement, all highly qualified in academic and theoretical respects and all capable writers. After a thorough critical reading, they compiled 16 theoretical articles, and the academy organized the writers of these articles to appear as key speakers at symposiums held throughout the autonomous region for the discussion of the three books in question. In writing their articles, they were guided by the Marxist view on ethnic minorities and conducted a thorough well-reasoned and well-founded analysis and criticism of the said three books, which advocated and disseminated an ideology of ethnic divisiveness. They demonstrated with irrefutable facts that it had been China's various ethnic minorities that have

jointly created the long history and the glorious culture of the motherland. They also demonstrated the political process by which the Chinese nation became a unity of diverse ethnic groups and pointed out the historical trend of unison, solidarity, and progress in the development of the Chinese nation. Publication of the mentioned articles in the XINJIANG RIBAO, XIYU YANJIU [WESTERN REGION RESEARCH], XINJIANG SHEHUI JINGJI [XINJIANG SOCIO-ECONOMICS], and KASHI SHIFAN XUEYUAN XUEBAO [JOURNAL OF THE KASHI TEACHERS TRAINING COLLEGE], evoked a strong response among all circles of society.

To further expose the despicable tricks of historical distortions, misrepresentations, fabrications, and falsifications in the said three books, the party committee of the Academy of Social Sciences moreover organized relevant research personnel to write a compilation of almost 70,000 characters, headed "Hundred Examples of Historical Mistakes in *The Uyghur* and Two Other Related Books." This was published in the Uyghur and Chinese languages in the XINJIANG RIBAO, so that the many cadres of every ethnic origin will clearly understand the serious political mistakes in the said three books, to enable them to clearly distinguish between right and wrong, and to provide full and accurate historical data.

As a positive measure of widespread and thorough education among the cadres of various ethnic backgrounds in support of upholding the unity of the motherland, strengthening the solidarity of China's various ethnic groups, and countering ethnic divisiveness, the academy took the opportunity of this year's activities on the occasion of "solidarity among nationalities month" to dispatch at different times 17 comrades to over 70 units, such as government agencies, schools, factories, and mining enterprises, to give reports at 104 different places on the problem of the said three books. The audience had been somewhat over 40,000 person-times. At 43 places, these reports were given in the language of the ethnic minority, with an audience of almost 20,000 person-times. The academy furthermore organized a group of ethnic minority and Han specialized scholars for particular lectures in both languages to leading cadres at the department and bureau-levels of the autonomous region. The topics of these lectures were "Unison, Solidarity, and Progress are the Main Trends in the Development of the Chinese Nation," "From Antiquity, the Chinese Nation Existed as a State of Many Nationalities in Unison," "The Ideological-Theoretical Basis and the Historical Source of Certain 'Three Books,'" and "The Pan-Turkic Cultural Concept in Certain 'Three Books.'" Special reports on the topic of "Pan-Turkism Provides an Ideological-Theoretical Basis for Ethnic Divisiveness" were also given to the autonomous region's party committees and party standing committee. In June, the academy's party committee had four comrades participate in a group that reported at 38 places on the problem of the "three books" in question, a group that had been organized by the propaganda department of the region's party committee. That group proceeded to Hotan, Kashi, Kozilesu [0344 1320 0519 5685], Aksu, Bayinguoleng [1572 7299 6753 2897] and other places to

give reports at these prefectures, autonomous prefectures, and cities, altogether at 38 localities. They thoroughly criticized ideologies and views spread by the "three books" in question, an ideology of splitting the motherland's unity and undermining the solidarity between its ethnic groups. They also furthered knowledge among the many cadres of various ethnic backgrounds of the conclusive fact that "the main danger for Xinjiang is coming from ethnic divisiveness, originating from domestic and foreign sources."

To eliminate the pernicious influence on the study of ethnic cultures and on ethnic literary creativeness by the ideology of ethnic divisiveness spread by the three books in question, the Nationalities Culture Institute together with the Writers Association of the autonomous region held a symposium on "Upholding the Marxist View on Ethnic Minorities, Accurate Handling of the Cultural Heritage of Ethnic Minorities."

In its actual scientific research and criticism of the "three books," the party committee of the Academy of Social Sciences and its research personnel arrived at the understanding that scientific research must employ Marxist standpoint and methods to achieve success in researching the overall important theoretical and actual problems in the ideological field resulting from the socioeconomic development of the autonomous region, and that it is necessary to exert great effort to be of service to the actual situation of today and to serve the development of the two types of civilization [material and spiritual] in the autonomous region. This is the fundamental direction that must be observed in socioeconomic research, as it is also the fundamental way of developing all socioeconomic undertakings.

Janabil on Party Schools' Aims in 'New Situation'
92CM0086C Urumqi XINJIANG RIBAO in Chinese
17 Oct 91 p 1

[Article by Dang Yinshu (8093 2450 2885), our correspondent from Urumqi: "At a Symposium of Principals of Divisional Military and Party Schools in All Prefectures, Autonomous Prefectures, and Cities Throughout Xinjiang, Janabil Emphasized Party Schools Must Respond to the New Situation and Achieve a Higher Level of Performance"]

[Text] The seven-day symposium of principals of divisional schools of the army and party schools in all prefectures, autonomous prefectures, and cities throughout Xinjiang ended on 16 October in Urumqi. Janabil [6328 6719 1580 1422], deputy secretary of the party committee of the autonomous region, made an important speech at the symposium. Feng Dazhen [7458 1129 4176], deputy chairman of the political consultative conference of the autonomous region, head of the propaganda department of the party committee, and president of the party school of the autonomous region, presided over the symposium.

Janabil said, we are presently faced with an extremely serious international situation. The struggle between the two social systems and between the two ideologies is intricate and complex. Hostile forces are stepping up

infiltrations and subversions of our positions, and peaceful evolution has become a real threat. Party schools of all ranks must therefore study and explore how to achieve a higher level of performance under the new situation.

Janabil set forth three demands for party schools of all ranks in Xinjiang:

First, we must guide and direct our young cadres to the earnest study of Marxist theory; we must have them truly grasp the spiritual essence of Marxism, have them acquire the ability to apply the Marxist stand, viewpoint, and method in the solution of all actual problems in China's socialist construction and reform. At the same time, we must study the ideological state of our young cadres and the principles for their growth to maturity, help them in problems of world outlook and outlook on life, affirm their confidence in socialist and communist ideals, and prevent them from losing their direction in the face of the complex international and domestic situation.

Second, we must conduct effective party-building, must nurture well-qualified successors for the socialist cause, and must build up a great wall of steel against peaceful evolution. The party schools must become an important place for nurturing and bringing up thousands upon thousands of successors in the revolutionary cause. We must educate our party members and cadres to always preserve the character of our party as the vanguard of the working class and maintain wholehearted service to the people as the party's purpose. We must pursue more vigorously the buildup of honest and clean government and must further tighten the relationship between our party and the masses. Particularly the young and middle-aged cadres, who have moved up into leading positions in recent years, are urgently in need of considerable improvement as to their knowledge of Marxist theory, as to a higher level of absorption of party spirit, and as to their proficiency at work. Party schools of all ranks must step by step in a planned way achieve training targets and implement training measures to bring up a generation of successors who are faithful to the socialist cause of Marxism.

Third, all work at party schools must respond to the new situation and must conduct theoretical education with an integration of the important problems that have arisen in the course of building socialism with Chinese characteristics and the rejection of peaceful evolution. We must shoulder the heavy responsibility of criticizing and repulsing every kind of anti-Marxist and antisocialist ideological trend, must protect and develop Marxism and Mao Zedong Thought, and must thoroughly study the important topics of reform, of opening up, and of economic construction. While our one hand must grasp reform, opening up, and economic development, our other hand must grasp anti-peaceful evolution, and both our hands must maintain a firm grasp. Successful achievement of our second strategic objective requires new contributions.

The present symposium also communicated the spirit of the All-China Symposium of Province-Rank Party School Principals held at Baotou, as well as the spirit of the six business conferences held by the Central Party School. It

also reviewed and exchanged information on conditions and experiences over the last year in the implementation of directives issued by the central authorities and by the autonomous region. The symposium was attended by somewhat over 50 principals from party schools of the various prefectures, autonomous prefectures, and military formations.

Yining Develops Politically Correct Mosques

92CM0086D Urumqi XINJIANG RIBAO in Chinese
17 Oct 91 p 4

[Article by Zhang Mo (1728 7817), our own correspondent from Jining: "In Ever More Substantial, Increasingly Penetrating Activities, Religious Circles of Jining City Conduct 'Double Five Good' Comparative Assessments"]

[Text] For over four years, Jining City has conducted a movement for the selective assessment of "five-good imams" and "five-good mosques," thereby pioneering a new way of self-education, self-control, and self-restraint of its religious circles. More and more religious believers have joined the "five-good" ranks and are enthusiastically performing good deeds and handling affairs for the benefit of society.

In its "double five good" competitive assessments, Jining City has adopted the method of integrating regular investigation and periodic competitive assessments, integrating observation, listening, and deliberating, a method according to which initial suggestions are presented by the basic level for final check and approval by the city authority. They also maintain a system of yearly assessments, refusing a system of designations for life. The elements of the "five good" are continuously enriched in substance, and the movement is gradually developed into greater depth. This year those assessed "five-good imams" and "five-good mosques" number 58 and 41, respectively.

The party and government leadership in Jining City show great solicitude for religious work, and the party secretary and mayor take a personal interest in it, the six sets of leadership groups [liu tao ban zi 0362 1152 3803 1311] show concern and support, the members of the standing committee collectively hear reports, and every township as well as neighborhood, village, and mosque have established religious affairs control organs at every level. The city also runs study groups at different levels and of different types, at which attendance of religious believers during the last four years was 3,000 person-times.

The "double five-good" competitive assessment movement has promoted the gradual move of religious activities onto a legally permitted and policy-conforming track, and has guided the religious believers toward making their contribution to ethnic solidarity. At Yining nowadays such activities as the unauthorized building of mosques, the hiring of mullahs from outside, or clandestine Koran study classes have altogether stopped. In the last few years, 15 Koran study classes have voluntarily closed down, and 327 youths of school age have returned to campuses.

Stimulated by the "double five-good" activities, Yining City's religious circles are assisting the government in

various key tasks at different periods of time. They propagate in various forms the initiation of family planning and enthusiastically support all educational efforts. The large mosque of people of the Hui nationality contributed 700 yuan toward the purchase of glass and stoves for the newly built Hui primary school. The Denglanbake [4583 5695 1572 0344] Mosque diverted 2,000 yuan, planned for the building of an ornamental gate, to the building of No 9 Primary School. According to last year's statistics, religious circles contributed 70,000 yuan for religious purposes, and also presented a May-Fifth-type tractor to an impoverished village. Laudatory stories about religious believers participating in road building, bridge building, well digging, and support of people in poverty or distress are on everybody's lips.

Regional Inspection Commission on Economy, Law

92CM0088A Urumqi XINJIANG RIBAO in Chinese
1 Oct 91 p 2

[Article by Autonomous Region Discipline Inspection Commission Secretary Zhou Shengtao (0719 5116 3447): "The Economy Must Be Enlivened; Discipline Must Be Strictly Enforced"]

[Text] The Chinese Communist Xinjiang Uygur Autonomous Region Discipline Inspection Commission issued the draft of Suggestions on Some Policy Limits on Regional Economic Activities. We drafted these policy limits to fully implement the party's basic line and to act as a guiding ideology so that discipline inspection work can more fully comply with and serve economic development; to properly handle the new situations and new problems that arise in enterprise reform and opening up and create favorable conditions for enterprise development; and so that the vast number of party members can boldly reform, bravely innovate, observe discipline and abide by the law, and not deviate from the orientation. In sum, to persist in the "dual tactics" policy of enlivening the economy and strictly observing discipline.

I. Clearly Distinguish Policy Limits, Clear the Way and Act as an Escort for Reform and Opening Up and Economic Development

Comrade Deng Xiaoping said, "A true Marxist party, after it is in office, should devote itself to developing productive forces." Developing productive forces is the fundamental task of socialism. Especially in China in the initial stage of socialism, it is even more urgent to concentrate our efforts on developing productive forces and to conscientiously and unswervingly focus on this task. Since the Third Plenum of the 11th Central Committee, our party, based on a correct analysis of China's national characteristics, has established a fundamental line of focusing on economic development, upholding the four cardinal principles, and persisting in reform and opening up. In accordance with this fundamental line, China's socialist modernization has achieved success that has drawn worldwide attention. As the economy improved, it promoted China's social stability and political stability. As the economy developed, the huge superiority of socialism

could be more fully revealed and we could have a more solid material, technological, and cultural foundation in the struggle to resist peaceful evolution, placing our socialist system in an even more invincible position. So, in socialist modernization, all party comrades must constantly concentrate their efforts on economic development and constantly focus on the economy. Comrade Jiang Zemin said, "All tasks of the party and the state must be subordinated to and serve the concentration on economic development and cannot deviate from this concentration and certainly cannot interfere with this concentration." We must "pick it up and not put it down and not waver in the least." Discipline inspection work is an important component of party development and it certainly must ensure that the party's fundamental line is implemented and conforms with and serves the concentration on economic development. This is the guiding ideology with which our discipline inspection work must comply.

If we want to develop the economy, we must persist in the general policy of reform and opening up based on upholding the four cardinal principles. Reform is the socialist system's self-perfection and self-development. It is making full use of advantages and getting rid of abuses, a boldly innovative process. Reform is a huge, complicated, and systematic process and must be carried out by all elements working in mutual coordination. Lessons can be drawn from unsuccessful reform experiences and they certainly can reveal several new situations and new problems. So, we must seek truth from facts, liberate our thinking, get rid of superstition, encourage exploration and encourage practice, and we should concentrate on the new problems that come up in reform and opening up as helps in reviewing our experiences. We must not be anxious about disposing of issues that for a time are not accurately grasped because policies and regulations are not clear or their limits are not clear, and thereby rid genuine and sincere reformers of apprehension.

If we want to develop the economy, we must put forth a great effort to develop the socialist commodity economy. The commodity economy is a step in socialist economic development that cannot be skipped. The socialist commodity economy is based on public ownership and it is fundamentally different from the capitalist commodity economy that is based on private ownership, but it must adopt common methodology in socializing the development of the major production and commodity economy. So, it is appropriate to properly treat business contacts and legally extract the necessary fees and bonuses in buying and selling. Certainly there are two kinds of commodity economies. It is our responsibility to make use of their positive functions and limit their negative influences. Party members and cadres cannot extend their hands to receive ill-gotten wealth that they should not have. We should resolutely investigate and punish such violations of discipline as using one's authority for personal gain, corruption and bribe taking, engaging in speculation and profiteering, and we certainly cannot permit the principle of exchange for equal value to be carried over into intra-party political life.

If we want to develop the economy, we must modernize science and technology. We must take strong measures to encourage technical specialists to participate in the main battle of economic development and use their knowledge and technology to provide technical exploits, technical conversion, technical consultation, and technical services and convert the results of research and development to actual productive forces as quickly as possible.

If we want to develop the economy, we must realistically increase the vitality of large- and medium-sized enterprises. To enliven large- and medium-sized enterprises we must fully utilize the political nucleus of the party organization and uphold and perfect the factory director responsibility system and wholeheartedly rely on the working class. In socializing major production, we must enact strict controls. We must support factory directors and managers in exercising their authority in accordance with state and enterprise policy and rules and regulations, instilling vitality within the enterprise, and improving economic benefits and improving the enterprise's ability to meet contingencies and to develop itself. At the same time, the departments in charge and all trades and professions also must create favorable external conditions for economic development for enterprises.

If we want to develop the economy, we must conscientiously implement the socialist distribution principle to each according to his work. Presently in income distribution there is egalitarianism as well as excessive disparity. This unfair distribution dampens worker enthusiasm and hampers the development of productive forces. Problems in implementing distribution according to work should be resolved by gradually reforming the wage system. Problems in other forms of distribution should be resolved by perfecting relevant policies and rules and regulations. We should safeguard appropriate income gained by enterprise contractors as recompense in approved contract stipulations and legally granted bonuses. We should regulate excessively high income by taxing it. And we should investigate improper income from using one's authority for private gain and we should legally ban such activities as illegal business operations, unlawful resale for profit, and seeking exorbitant profits.

In sum, we should support, safeguard, and promote reform and economic development as the cornerstone of our work and constantly review new situations and new problems that arise in reform and opening up and clarify relevant policy limits, especially the limits distinguishing mistakes in reform and loopholes in reform, limits distinguishing proper business contacts and improper business methods, limits distinguishing reasonable recompense and illegal gains, and the limits distinguishing improving economic benefits and "doing everything for money." And thereby, resolutely support upholding the socialist orientation and being bold in reform and innovation; help to review our experiences and learn lessons where we discover mistakes in reform because our experience is inadequate or our policy limits are unclear; affirm the successes and point out the problems where there are successes as well as defects and mistakes in reform to help it continue to

advance; clear up right and wrong and protect those who are falsely accused, attacked, and retaliated against in reform and deal severely with their maligners and attackers; and resolutely investigate and punish those who avail themselves of loopholes in reform, use their authority for personal gain, and line their own pockets under the pretext of reform so that discipline inspection work can become a major force promoting reform and economic development.

II. Uphold the "Dual Tactic" Policy, Ensure the Socialist Orientation of Enterprises

Marxism's historical materialism holds that the economy is the foundation and that social being determines social consciousness, the economic base determines the superstructure, and productive forces are the decisive element giving impetus to social development. If we forget this basic principle, we might deviate from Marxism-Leninism Mao Zedong Thought. At the same time, we also must recognize the huge counteraction of the spiritual on the material, social consciousness on social being, productive relations on productive forces, the superstructure on the economic base, and the political on the economic. If we forget this basic principle, we equally well might deviate from Marxism-Leninism Mao Zedong Thought. So, we must uphold the "dual tactic" policy. In upholding "dual tactics," we handle political and economic relations well and achieve coordinated development of the material civilization and the spiritual civilization and the optimum combination and fundamental manner of making the economy flourish and punishing corruption.

Some socialist countries in discovering peaceful evolution used only the reaction of the superstructure on the economic base and changed the socialist public ownership system to a capitalist private ownership system. Peaceful evolution from hostile Western powers and bourgeois liberal and nationalist splittist forces is a real danger to China. In 1989 in the political turmoil and counter-revolutionary rebellion that took place in Beijing a very small number of bourgeois liberal "spiritual heroes" proposed "across the board westernization" and "privatization," and wanted to bring about the down fall of the socialist system and restore capitalism. In individual departments and enterprises there also is this danger. Some departments and enterprises have come completely under the control of corrupt elements, who want to make state funds and the means of production of the public ownership system capital for their individual profit or the profit of a few people, actually changing the nature of the enterprise. So, whether from a national perspective or the perspective of the individual department or enterprise, persisting in the socialist orientation is an issue. In enterprises the primary requirement of party committee secretaries, factory directors, and discipline committee secretaries, as well as trade union leaders, is loyalty to the party, loyalty to Marxism-Leninism Mao Zedong Thought, wholeheartedly relying on the working class, and conscientiously upholding the party's basic line of "one center, two basic points," and developing socialism with Chinese characteristics.

Socialist enterprises take on the task of developing the material civilization and at the same time they are important fronts for the development of the socialist spiritual civilization. A truly well run enterprise not only pays attention to upholding the two civilizations, but on the one hand it stresses reform and opening up and developing the economy, while on the other hand it stresses developing the party style and strictly enforcing discipline. Reform and opening up and developing the economy provides the material base for developing the party style and strictly enforcing discipline. With development of the party style and strict enforcement of discipline, the socialist orientation can be maintained for reform and opening up and the healthy development of the economy can be promoted. The two are a dialectical unity, complementing each other. But some comrades still have various types of confusions. They place enlivening the economy and strictly enforcing discipline in opposition and there is the problem of "a hard hand and a soft hand." Really, the actual situation in the autonomous region is that on the one hand there is not enough reform and innovation and the economy is not enlivened and, on the other hand, the party is not strictly administered and discipline is not strictly enforced. The problem of "separating the two layers" of developing enterprise party style and economic work must be solved. Comrade Deng Xiaoping said, "To accomplish the four modernizations we definitely must have two hands. One hand will not do. We have done the economic part rather successfully, people are please with the situation. This is our nation's success. But if the general mood worsens, what is the significance of economic success! It can change its nature in another respect and develop into a world where graft, embezzlement, and bribery run amuck."

Enterprise leading cadres now are developing the commodity economy and implementing contracts. The authority to control people, wealth, and materials is rather concentrated and enterprises rely more on market competition. Under these circumstances, how well authority is wielded and how well authority is used and how enterprises are enlivened and how honestly they are run, and developing party style and party discipline become a rather prominent issue.

The important unifying point of enterprise party style and economic development is honest management. Honest management is required to maintain the socialist enterprise's nature and orientation. An enterprise must depend on self-reliance and struggle arduously to survive; depend on playing up strong points and avoiding shortcomings and giving free rein to superiorities to develop; depend on intensifying reform and enhancing controls to take the initiative; and depend on legitimate business practices and appropriate competition to find a market. Those attempts to rely on such improper business methods for enlivening the economy as entertaining and sending gifts to try to establish a relationship and even relying on such unlawful and undisciplined activities as profiteering and buying and selling at a profit to seek exorbitant profits all make the mistake of deviating from the socialist path. Honest business is necessary to promote honest administration of party and government organizations. There are countless

ties between enterprises and party and government organizations. Whether or not party and government organizations are honest has a serious affect on enterprises. And, conversely, enterprise honesty in the same way also will affect party and government organizations. Only when we work along both lines can we check "the exchanges of power for money" and ensure clean and honest party and government organizations and honest enterprise management. Honest management is necessary for an enterprise to develop itself. Relationships that come from the enticement of money are not stable. Businesses that are bought with money do not last long. Benefits that depend on the exchange of money are not high and markets that are penetrated with money are not great. Only by arduous internal training, stressing controls, improving technology, and establishing a reputation can an enterprise increase its vitality.

The key to honest enterprise management is the example of party members and leading cadres. The enterprise is the greatest concentration of the working class. The party organization and party members and leading cadres in enterprises should lead the overall staff and the masses in implementing the party line and guarantee the political core of the socialist orientation of the enterprise. Only when we have an honest and law-abiding leadership can we arouse the enthusiasm of the staff and the masses and promote the economic development of the enterprise. Honest enterprise management requires improving the quality of enterprise managers, correcting management thinking, and correcting the relationship between honest management and enlivening the enterprise, the relationship between management methods and enterprise administration, the relationship between partial and overall benefits, the relationship between economic benefits and social benefits, and the relationship between long-term benefits and temporary goals; and making honest management a part of economic development and persisting in stressing honest management in economic development and using honest management to promote enterprise development, and striving to achieve vitality without chaos and honesty without inflexibility. So, we definitely must improve the education of party members, especially leading party member cadres, resist the corrosion of decadent bourgeois ideology, and correct party style. Secondly, we must perfect the system and develop a complete set of mechanisms to restrain and oversee enterprises activities. Thirdly, we must have strict discipline. Before party discipline there are no special party members or special enterprises. Where there are regulations they should be abided by and violations of discipline must be investigated. It is wrong to be overcautious toward enterprise violations of discipline and not dare to boldly investigate and punish them. In large and important cases we must persist all the more until we get to the bottom of them and persist until we achieve results in order to gain the people's confidence.

III. Discipline Inspection Organizations and Economic Departments Should Pool Their Efforts and Act in Harmony

Discipline inspection work is to serve the economy. That is, it is not to depart from its own duties and responsibilities to directly engage in economic work, and it certainly is not to abandon party principles and "relax" discipline. But by fulfilling the tasks conferred by the party charter, it is to perform the four functions of discipline inspection work, "to protect, to punish, to oversee, and to educate," and guarantee and promote economic development.

To serve the economy discipline inspection work must take a clear-cut stand in opposing bourgeois liberalism and opposing nationalist splittism; it must punish corruption to create a stable political environment for economic development; it must conscientiously investigate and punish such violations of discipline and law as graft and embezzlement, offering and receiving bribes, profiteering, smuggling and trafficking, and extortion and blackmail to guarantee the socialist orientation of the economy; enthusiastically take the initiative to intensify reform and actual economic development and deepen mutual understanding with comrades in economic departments; and get rid of concerns and resolve difficulties and clarify policy limits for enterprises and act as a guide for reform and opening up and economic development; and conscientiously correct unhealthy tendencies and rectify "arbitrary appropriations, arbitrary fees, and arbitrary fines" to create favorable economic conditions for enterprises.

Discipline inspection workers and economic departments should have their hearts and their efforts directed toward the same goal. Comrades who work on the economy should further liberate their thinking and increase their awareness of the commodity economy and their concepts of policy, law, and discipline, and strive to learn how to continuously intensify reform and enliven the economy in conformity with party and state policy and rules and regulations. Comrades who do discipline inspection work, likewise, should further liberate their thinking and increase their awareness of the commodity economy so that discipline inspection work can better adapt to the new situation of reform and opening up and better safeguard and promote the development of the socialist commodity economy. The two sectors both should resolutely overcome "hard on the one hand and soft on the other hand" and "separation of things that should be unified" and organically unify enforcement of strict discipline and enlivening the economy. Discipline inspection cadres should immerse themselves in the economic reality and investigate and study and take the initiative in making reports and circulating information to enterprise party committees and factory directors and managers that promptly reflect the situation. They should take the initiative in linking up their thinking and increasing their understanding and rid factory directors and managers of cares and resolve their difficulties, and actively support their exercise of authority; and they should take the initiative in concern for and participation in all activities. They should achieve greater understanding through contacts and a good knowledge of policy through participation, seek an accurate perspective through service, and check their orientation by overseeing. Enterprise party committees and enterprise factory directors and managers should take discipline

inspection work seriously and support it. If we want to strengthen discipline inspection organizations and allocate discipline inspection cadres well, we must recruit important discipline committee leading cadres to participate in important enterprise meetings so that the discipline committees will understand major activities of the enterprises, and we must support the discipline committees in boldly exercising their authority. When discipline inspection work runs into trouble, we should stand up and speak for, back, and bolster the courage of discipline inspection cadres. There are many facts indicating that only when party committee secretaries, factory directors (managers), and discipline committee secretaries are in harmony and their timing is together, can we achieve the prominence of the center, intensified reform, enlivenment of the economy, enhanced discipline, the elimination of corruption, reliable policies, the formation of popular support, and enterprise prosperity.

Shaanxi Schools Stress Technical Education

Ankang Prefecture Offers Training

92CM0093A Xian SHAANXI RIBAO in Chinese
21 Oct 91 p 1

[Article by Zhang Huijian (1728 2585 7003) and Wang Xiaopeng (3769 2556 7720): "Regular High Schools in Ankang Prefecture Incorporate Technical Education in Curriculum"]

[Text] In addition to the curriculum in basic education, regular high schools in Ankang Prefecture have been offering practical technical training on production customized to suit local conditions. The upshot is that most of the tens of thousands of junior and senior high school students who returned to their native villages upon graduation have become the leaders or heads of key households in the drive to develop local commodity production. Between 8 and 11 October, an on-site meeting was held here by the provincial education commission for the directors of prefectural and municipal education bureaus and heads of guidance offices throughout the province. The meeting endorsed the practice of "infusing vocational and technical education into the regular high school," charted the course of rural educational reform, pointed up an important way to improve workers' quality, and considered a preliminary plan to popularize this kind of infusion in all rural high schools throughout the province during the Eighth Five-Year Plan.

In Ankang Prefecture, long on natural resources but short on personnel skilled in practical technology, tens of thousands of junior high and senior high school graduates make for the first production front each year. The prefectural committee and the administrative office have always taken great pains to explore ways to turn these students into new-style workers who can develop the local economy, conquer poverty, and achieve wealth. After years of practice, Minzhu High School in Langao County and Chihe High School in Shiquan County have separately found a way to infuse vocational and technical education into their teaching. The prefecture wasted no time in reviewing and

spreading their successful experience and made the inclusion of vocational education into the regular high school part of the "Booklet on Objectives and Responsibilities in Educational work" of the various counties and municipalities. It insisted that the regular high school adopt the "two certificate" system, namely, the certificate of graduation and vocational and technical education certificate. Only when a student is armed with both certificates will he be allowed to graduate and be promoted to an institution at a higher level. Furthermore, the agriculture, science, and education agencies have been working together in earnest under government coordination to resolve practical problems relating to funding, projects, bases, teaching staff, and teaching materials.

Ankang Prefecture has adopted a range of diversified and flexible methods of infusion that do not affect basic education. First, incorporate vocational and technical education into labor and technology classes, giving it a place in the timetable and making it part of the classroom. This is the regularization and institutionalization of vocational and technical education. Second, identify every vocational education element in other subjects, emphasizing the integration of theory with practice. Third, organize a broad array of lectures on practical technology that are short, inexpensive, and pay off quickly. The lectures should be scheduled in a way to tie in with the farming season. Fourth, initiate a pre-graduation training course in applied technology. Fifth, incorporate vocational and technical education into the work-study program. In choosing "infusion" projects, the schools must consider primarily the local and practical nature of a project as well as its universal applicability and benefits. Of the 241 regular high schools in the prefecture today, 95 percent have complied with the requirements of the program and launched labor and technology courses in light of the reality in the mountains. In addition, almost 50 schools have institutionalized the infusion of vocational education into the curriculum. The prefecture now offers a total of 47 specialties in applied technology and boasts 356 mu of labor bases and 550 full- and part-time teachers. The students not only master basic knowledge but also acquire a professional skill, thus turning potential productive forces into real ones. Once he returns to his village, the student is able to transform the local labor structure rapidly, reinforcing the army of agricultural technology disseminators that will play a key role in expanding commodity production and developing the mountains economy.

Langao County School Reforms

92CM0093B Xian SHAANXI RIBAO in Chinese
20 Oct 91 p 3

[Article by Zhang Huijian (1728 2585 7003) and Wang Xiaopeng (3769 2556 7720): "Rural High School Reform Blazes New Path"]

[Text] Located at the northern foot of Daba Mountain in western Langao County, Minzhu High School has been offering vocational and technical training to its students during the past few years even as it continues to teach its

regular curriculum of basic knowledge. In so doing, it has charted a new course for regular high schools in the countryside to serve the economy and society and turned itself into a model for integrating education and the economy in the mountains.

Thinking and Searching for a New Way

Amid the frenzy to boost the proportions of students entering schools at a higher level, Minzhu High School in Langao County at one point also joined in the scramble and struggled to have as many students promoted as possible. Extensive cultivation, however, is no recipe for a bumper crop. Between 1979 and 1986, of the school's 849 junior high graduates, only 28 were admitted to technical secondary school, a mere 3.3 percent. Of its 718 senior high graduates, 34, or 4.9 percent, were accepted by a polytechnic or college. Having been shaped by the notion that going on to college was everything in their high school years, the remaining 95 percent did not receive a proper moral education or learn any work-related technology. When their ideal of escaping agriculture by gaining admission to a school at a higher level was dashed, they were shaken up emotionally. Once back in the countryside, some became depressed and dispirited. Others were full of grievances. Even when they felt content with things as they were, they could do nothing more than follow in their fathers' footsteps by practicing agriculture and living in the traditional way. The teachers felt ashamed about this state of affairs and parents complained about it. Conclusion: it makes no difference whether or not a kid from the countryside goes to school.

However, there is another reality in the countryside that is beckoning the regular high school: the development of the rural economy is in urgent need of technical people. It is precisely because it lacks technical personnel that Langao County has never been able to fully exploit its ample natural resources and cast off the shadow of poverty. The three districts and one town in the area served by the high school have a combined population of 73,699. Their per capita income was just 70.64 yuan in 1980 and still a mere 141 yuan as late as 1986, for an average annual increase of 11.6 yuan. Gold rice bowl in hand, people nevertheless were hard pressed to make a living. Reality shed light on one thing: there is a yawning gap between general education in the countryside and rural economic construction. The revitalization of the rural economy depends on science and technology. Science and technology, in turn, springs from education. Education must be integrated with the economy; education must serve educational development.

After thorough soul-searching, the leaders, as well as every teacher at Minzhu High School, courageously rejected their old approach. In late 1986, having revamped their thinking, they formulated a new educational strategy: fully implement basic education, but also aggressively introduce vocational and technical education to take the initiative to serve local economic development.

Bold Innovation as Part of Reform

After endless experimentation, Minzhu High School finally found a new way to offer vocational and technical education effectively even as it did a good job in basic education so that the two could develop in harmony, one nurturing the other.

It was decided that basic education should retain the same number of hours on the timetable. Its content, too, remained unchanged. What was new was the imaginative and diversified ways in which vocational and technical education was made part and parcel of the curriculum. To graduate and take the examination of admission to a school at a higher level, a student must obtain a training certificate in vocational and technical education as well as a graduation certificate.

By and large there are four ways in which vocational and technical education is infused into basic education. One of them is short-term training in applied technology. Training courses are designed with the needs of the local economy and the objective capabilities of the school in mind. Technical training was offered to over 200 junior high and senior high graduates in the past three years, of whom 152 received a certificate.

Special-topic lectures. Beginning in 1988, the school has been hiring technical personnel in the agricultural department to give lectures timed to coincide with the farming season and intended to disseminate advanced production technology. Over 20 single-subject lectures on applied technology were offered over the past few years and were attended by 1,800 students. Some of the lectures were "corn ying yang bo ai hua seedling transplanting," "mulberry seedling grafting," "sericulture," and the "prevention and control of crop diseases and elimination of pests."

Incorporating technical education into work-study programs and productive labor. Work-study programs and labor courses begin with the imparting of knowledge and technology through on-site demonstrations. Next students are made to do the work themselves. Not only do they acquire theoretical knowledge but they also master applied technology. The output of labor has changed remarkably and the school also has increased its income.

Regularizing and institutionalizing vocational and technical education. Courses on planting, aquaculture, processing industry, forestry, and special products are made required courses depending on the economic development of the plan of the area served by the school. Each semester a student will study one applied technology, thereby making vocational and technical education part and parcel of the curriculum in an orderly way. A student basically has to master six to 10 applied technologies by the time he graduates.

Overcoming Difficulties in Practice

When we make vocational and technical education part and parcel of the curriculum at a regular high school, we inevitably run into many difficulties, such as finding the teachers, teaching materials, bases, and funding. Instead of

waiting for others to come to its aid, Minzhu High School went to work itself to overcome myriad difficulties. Specifically:

The teaching is done by a mix of teachers; some have special expertise in technology, some are part-time teachers who are already teaching courses such as physics, chemistry, and biology that are related to vocational education, and some are technical personnel hired from local agriculture, forestry, and scientific and technical agencies or skilled craftsmen from production departments. Teaching materials consist of a mix of newly written textbooks and selections from other sources. During the last few years, the faculty has written over 10 textbooks reflecting local conditions and suited to local needs, including *A Profile of Langao County*, *Cookery*, and *The Use of Pesticides and Chemical Fertilizers*. In addition, more than 20 textbooks have been selected from among the popular science materials written by provincial, prefectural, and county science and technology, agriculture, and forestry departments.

Through "construction, cooperation, and relying," the school has secured sites for production and experimentation. Vacant land on school grounds was tapped. Formerly barren slopes now sprout nurseries, mulberry fields, tree farms, orchards, taro farms, silkworm farms, pig farms, and processing factories. Where the school lacks the necessary resources, it has teamed up with the appropriate village group or township enterprises to set up an extramural laboratory.

Funds have been raised through multiple channels. Over the past few years, the school has fought for and won a limited sum of money from the county economic diversification office, the local finance department, and the administrative department at the higher level. By and large, however, it has relied on paid training and incomes from the work-study program as the main source of funding, raising a total of 135,000 yuan, basically enough to cover the costs of vocational education.

Infusion Paying Off

After a brief two years, the melding of instruction in basic education with vocational and technical education at Minzhu High School has paid off handsomely. Vocational and technical education instills in students a love for one's hometown and for science. It fires their enthusiasm for using science to shake off poverty and change the face of their hometown. By arming the students with a skill,

vocational education has enhanced the scientific and technical prowess of the villages and groups and expedited local economic development. It has enabled households to go from rags to riches and become demonstration households, spurring the masses around them to get rich too. The students also can go out and find work themselves, reducing the pressure on society to place them in jobs. Their parents are gratified, the masses are happy, and the party and government leaders are delighted.

Wu Ruihong [0702 3843 4767], class of 1987, returned to her hometown to take up a job as silkworm mulberry instructor in eight villages in Dadao Town, increasing sheet yield from 30 kilograms to 36 kilograms. The silkworm cocoon output of Minzhu District shot up from 85,000 kilograms in 1986 to 200,000 kilograms in 1990, a jump in which the graduates of Minzhu High School have played an important role.

All 72 students who took part in the scientific and technical training offered by Minzhu High School in 1987 have now become well-off households in the locality. According to a questionnaire survey on 40 graduates, their per capita income was 2,036 yuan. Using the skills they learned in school, the graduates in Miaoba Village grew silkworm mulberries, oranges, tangerines, and ramie, and have all become ten thousand-yuan households today. Ceng Jiafu [2582 1367 1381], a high school graduate, operates a farm on his own where he raises 12 pigs and 40 sheep. His incomes from this farm and other sources total 12,000 yuan. In going from rags to riches, these people have set an example for the local masses. Moreover, they provide technical guidance to accelerate the pace of the march toward common wealth in the countryside.

Graduates who are educated, understand economics, and are technologically skilled, also constitute a pool from which rural grassroots cadres can be drawn. Of the 321 high school graduates between 1988 and early 1990, 64 have become the backbone of township enterprises and four are now chairman of the villagers' committee, village party branch secretary, league branch secretary, and company commander of the people's militia, respectively.

Educational reform at Minzhu High School makes clear to all that basic knowledge has been turned into basic skills, potential productive forces have become real productive forces, and serving the economy indirectly has given way to contributing to economic construction directly. It will demonstrate its enormous vitality in future development.

KMT-Run Businesses Hurt Development

92CM0067A Taipei TZULI CHOUPAO
[INDEPENDENCE POST WEEKLY] in Chinese No
122, 4 Oct 91 p 13

[Article by Chang Ch'ing-hsi (1728 3237 3305) and Ch'en Shih-meng (7115 1597 1322): "Evolution of Party-Run Businesses and Their Political and Economic Implications"]

[Excerpt] *Editor's Note:*

Just how many businesses the Kuomintang [KMT] has controlled and run since its arrival in Taiwan remains a mystery to this day. The social resources it controls through KMT-run businesses have seriously distorted the rational allocation of resources in Taiwan. Today when the trend is toward an increase in partisan political activity, in particular, such a distortion in the allocation of resources is one of the most baleful influences on Taiwan's democratization process.

During the course of a workshop a few days ago, Taiwan University Economics Department professors Ch'en Shih-meng and Chang Ch'ang-hsi presented a research report that analyzed in detail and painstakingly evaluated the pervasiveness of KMT-run businesses.

The KMT-Run Businesses

1. Range of KMT-Run Businesses

Outsiders have never been able to do more than glimpse through a heavy veil the true magnitude of KMT-run businesses. The production enterprises that the KMT runs are under management of the party headquarters financial committee. It is known that purely KMT-run businesses currently total approximately 12, and possess an unevaluated capital totaling approximately NT\$114.63 billion [New Taiwan dollars]. Since the KMT speculated wildly during the tumultuous period in the stock market of recent years, its assets must now be worth more than NT\$500 billion. Furthermore, because of these 12 KMT-run businesses, further investment in additional businesses, particularly the further investments of the Central Investment Corporation and the Kuang-Hua Investment Corporation, the number of businesses must now total nearly 70; thus, the KMT finance committee may have become the second largest share-controlling group after the state-owned financial investment institution. In addition are the books, newspapers, and magazines, the radio and television stations, and the National Salvation Corps under the KMT Cultural Work Committee that target different people and are responsible for thought control.

On the basis of extant data, we can estimate that among the 43 KMT-run businesses in which leads can be found, the capital shares that the KMT holds are worth NT\$13.6 billion. However, for the several reasons given below, this sum comes nowhere near showing the magnitude of the power of KMT-run enterprises.

First, although the KMT holds only a small number of shares in some businesses, it is the largest shareholder nevertheless. One example is China Development Trust

(in which the KMT holds 12 percent of shares), an amount sufficient to control the corporation. However, since China Development Trust is not wholly KMT-owned, its additional investments in Kuo-hua Marine Enterprises (29 percent of shares), Fu-pang Electronics (20 percent), Ku-ta Fu-i Electronics (10 percent), Tung-lien Chemicals (10 percent), China Copper Construction (14 percent), and Chung-Ting Engineering (13 percent, etc. are not counted in the capital share figures given above. Since the KMT can control China Development, naturally, it can control the right to speak in these businesses in which China Development has further invested.

Second, since the KMT coordinates the power of the party, government and armed forces, it does not have to be the largest shareholder in order to control a corporation. An example is Huan-Yu in which 49 percent of shares belong to Wen-Shih Brothers in Singapore, the Central Investment Corporation holding only 20 percent. Nevertheless, Hsu Li-te [1776 4539 1795] is the first chairman of the board. As another example, the known KMT investment in the about-to-be-founded Hua-Hsin Bank is only 15 percent, but the general manager and the chairman of the board have both been appointed from within the KMT.

Third, the number of businesses in which the capitalization figures can be traced amount to fewer than half of KMT-run businesses. Furthermore, the capitalization figures carried on the books have remained the same for many years, no reevaluation of assets having been made for many years for the most part; thus, the capital stock does not reflect wealth.

Further, there are some hidden KMT-run businesses, the ones run by the China International Commercial Bank, in particular, incurring the most reproach. In 1971, when the Bank of China was "civilianized" to become the China International Commercial Bank, its capital stock was actually transferred to the Executive Yuan's development fund; however, the fund assigned 60 percent of the International Commercial Bank's equity rights to the KMT's Central Investment Corporation in violation of numerous laws (see FINANCE NEWS, May 1989). During the past 20 years, however, no one has ever been punished for "violating the law." Today, the market value of the China Commercial Bank's share certificates is more than \$NT200 billion.

Even were the various above problems resolved, the ostensible capitalization figures would still underestimate the power of KMT-run businesses because the KMT-run businesses have an extraordinarily "distinctive" and "special" nature. This is to say they are "monopolistic" in character. They are connected to the administrative pipeline of government-capitalized state-owned businesses and to the influence of big capitalists in the civilian sector. They also enjoy "privileges" as a result of their being the party in power and of their close coordination with policies. The following section provides a brief description of these basic features of KMT-run businesses.

2. Features of KMT-Run Businesses

We have attempted to find a rationale for KMT-run businesses through an examination of their historical continuity. Of all the many different kinds of businesses, the KMT seems to favor service businesses in particular. In its choice of partners, one finds that early on most were either state-owned or state-capitalized businesses. During recent years, the effort has been on forming ties with large capitalists. Another feature of KMT-run businesses is their links to key government administrative programs at various times (such as the 10 construction projects, the six year national construction, or the removal of policy restraints, which was sometimes only a temporary removal of restraints). This allowed them to get a head start or to design a pipeline for the channeling of benefits. If there is a single rationale running through KMT-run businesses it can be summarized in the two words "sole" and "special," the "sole" applying to sole or monopolistic control and the "special" applying to special rights or privileges.

Although KMT-run businesses may be traced back to the founding of the Ch'i-Lu Corporation in 1946, it was not until the 1960's that they really began to develop. Until the suspension of martial law, the KMT hid behind a prohibition: Disclosure of the true facts was taboo. Thus, it exercised privileges promiscuously, no distinction being made between the party and the country. Numerous monopoly businesses naturally fell into the hands of the KMT. However, there was no real distinction between the party and the country. The national treasury was regarded as the KMT treasury in a broad sense, and state-owned businesses were KMT-run enterprises in a broad sense. For this reason, there was no need for party-run businesses. Possibly this explains why up until the 1960's there were not many KMT-run businesses. The criticism of the link between the national treasury and the party treasury carried in the fortnightly magazine, TZU-YU CHUNG-KUO [FREE CHINA] (see Fu Cheng 1989), may have been the fuse that ignited KMT-run businesses.

During the 1960's, KMT-run businesses began to develop. Surprisingly, these were service businesses, particularly financial services businesses. This was very much contrary to the KMT government's long held policy of emphasizing industry while slighting business. In both the earlier "Regulations to Encourage Investment," and the present "Regulations Elevating Industry," service businesses were not regarded as "productive" enterprises. However, from the beginning, KMT-run businesses went in big for the establishment of the Taiwan Securities Exchange, Central Industrial Insurance Corporation, China Development Trust, China Trade Development Corporation, and such financial service businesses. The finance business had always been a private preserve for state ownership into which the people were forbidden to enter, but to which the KMT gained ready access. Chung-Hsing Securities and China Securities, which were founded during the 1970's, were two of three openly founded securities corporations. Actually the third securities corporation, "International Securities," is capitalized by the China International Commercial Bank; it is not under control of the Central

Investment Corporation! In addition, the KMT holds more than one-half of the shares of Fu-Hua Negotiable Securities Finance, which monopolizes the financial securities business. Ta-Hua Securities monopolizes the marketing of state and KMT-run shares. Three of the four securities investment trust corporations (also known as fund corporations) from which the Ministry of Treasury removed restrictions are KMT-run businesses. They are Kuang-Hua, Chung-Hua and International. In 1991, restrictions were removed on the founding of civilian-operated banks, and the KMT made sure it set up one, the Hua-Hsin Bank. All of this shows the KMT's fondness for financial service businesses. It uses government policy prohibitions, removal of restrictions, or the reimposition of prohibitions following removal of restrictions (as in the case of the fund corporations) to attain its goal of taking over and monopolizing the financial market.

In addition to its fondness for running financial market businesses, the KMT has a bias toward certain industries including radio and television broadcasting, petrochemicals, military supplies, electronics, and the building of telecommunications, etc. These industries are not related to each other, but they have one characteristic in common, namely that they are associated with government policies. During the decade of major construction during the 1970's, the KMT got into the petrochemical and chemical industries. During the removal of restrictions on businesses peripheral to telecommunications, when the Taiwan telecommunications network was founded, it went into various businesses closely on the heels of the removal of the restrictions. During the period when stock market shares increased wildly in value, the Central Investment Corporation used its share controlling position to speculate on a large scale. Passage of information through insider trading went on all the time. The KMT-run Taiwan Securities Exchange danced to the devilish tune that the KMT finance committee decreed without regard for the existence of the Securities Control Commission (see INDEPENDENCE MORNING POST 20 June 1990). Fu-Hua Security Finance was an even greater offender in "arbitrarily raising securities standards" (see MIN-CHONG DAILY 25 April 1991), thereby destroying fairness in the operation of the market. Yet another example of how KMT-businesses operated outside the law occurred before the removal of restrictions on trade with Vietnam when Central Trade Development jumped the gun in opening the Vietnam market. In construction work, heretofore the state-owned labor office and Chung-Hua Engineering always monopolized an overwhelming majority of government projects. Recently, however, in order to divide up the six-year long national construction cake, the central finance committee actively established multiple construction, building, and environmental protection firms. By way of looking after the KMT-run businesses, it frequently lowered standards for policy reasons when such businesses submitted tenders for contracts.

Abuses of KMT-Run Businesses

KMT-run businesses appear to take part in market activity as "civilian-run" businesses when actually they rely on the

longstanding special privileges of the KMT as a single party dictatorship, thereby creating a loss of efficiency and fairness economically and an obstruction to economic development. Politically, they worsen the standing of political parties and impede the development of democratic government.

1. Economic Abuses

The huge party-run businesses of the party in power produce much profit and munificence, but this does not mean that their economic efficiency is high inasmuch as they are either monopoly businesses or do the lions share of business. Economic efficiency includes productive efficiency and allocative efficiency. Monopoly businesses inevitably have a resources-wasteful allocative efficiency, and KMT-run businesses frequently also show low productive efficiency. All we need do is expose the loss of productive efficiency of KMT-run businesses to competition, and it will be readily seen that they are not in the same league as genuine civilian-run businesses. Following the removal of restrictions on newspapers, the first newspapers to close their doors for good were several KMT party newspapers. Were it not for the compulsory subscriptions of government organs, schools, and the armed forces, conceivably both CENTRAL DAILY NEWS and YOUTH DAILY would have disappeared long ago. Furthermore, despite the widely rumored preference given to several KMT-run electronics companies in the receipt of electronics technology that the Industrial Research Institute produces through the expenditure of large amounts of government funds, they still find it difficult to avoid going out of business (as Kuo-Shan Electronics did) or lose money and reorganize (as Hsin-Hsing Electronics did).

If a monopoly originates out of artificial meddling and is not a natural monopoly that stems from non-market competition, not only does it damage economic efficiency, but even worse it damages economic fairness. The reports mentioned earlier about Fu-hua and the Taiwan Securities Exchange linking hands with Central Investment (Ch'i-Sheng's sub-rosa investments, etc.) in the stock exchange to speculate in share certificates, violating Securities Control Commission regulations, and doing insider trading all the time stemmed from the KMT's use of its ruling position. By tolerating criminal behavior, it encouraged it for the purpose of garnering colossal profits. Very likely the keepers of the KMT treasury are happy about the lopsided development of the Taiwan stock market. The business development of the Taiwan telecommunications network was closely linked to the pace of the Taiwan Telecommunications Bureau's removal of restrictions. A civilian business absolutely could not compete with it. The central government budget for 1989 allocated more than NT\$30 billion for the Executive Yuan Development Fund, NT\$5.2 billion of which was turned over to the Central Investment Corporation for further investment. In most democratic companies, such a lack of separation between the interests of a political party and the government would stir up a towering political storm.

Economic development relies on constant investment and changes in the economic structure. When the ruling party uses its authority to confer monopoly rights on party-run businesses, whether giving the party-run business an out-and-out monopoly or the lions share of business, this directly depresses civilian investment channels. When investment is shaky, economic growth naturally suffers. When restrictions were removed on civilian operation of banks, investment increased more than NT\$100 billion. Were restrictions removed on television and radio broadcasting, on fund corporations, on securities corporations, and on airline corporations, and if restraints were removed on government units' construction business for an opening up of the investment pipeline, civilian investment would naturally increase. This shows that government controls, prohibitions on the establishment of businesses, and the practice of allowing inefficient government- and party-operated businesses to exercise monopolies are actually the greatest murderers of economic growth.

According to the economic development theories of Simon Kuznets in 1979, vested interests constantly wreck a great economic development. The ability of the ruling party to insure that KMT-businesses make a profit is bound to result in the formulation of measures to support the vested interests, which hamper economic development. If publicly-owned businesses did not continue to expand in the industrial sector, Taiwan, which formerly had a fairly high economic growth rate (if the nightmare of environmental pollution is disregarded for the time being), would certainly advance (with no impediments to growth). Since economic development proceeds from the transformation of an agricultural society to an industrial society, the society is also transformed from one in which the industrial sector is the main economic force to one in which the service trades are paramount. As a result of the fondness of KMT-run businesses for service businesses, medium and small businesses can ply to the full their externally oriented relative interest in the industrial sector. However, the publicly run businesses whose development blossomed after Taiwan's recovery from Japan, including army-run publicly owned businesses, publicly owned businesses and their further investments, publicly funded financial group juridical persons and their further investments, or KMT-run businesses, tend to devote all their efforts to taking over service businesses (see Chang Ching-chi 1991). This includes the KMT-run businesses that cut themselves in for a share of financial business as was explained above. Taiwan's future development of a primarily industrial to a primarily service society will depend particularly on the financial services business. Inasmuch as Taiwan's financial markets today are universally the exclusive preserve of state-owned and KMT-run businesses, it is really impossible to see how a transformation of the economic structure can have much hope of success! In a situation in which the securities exchange, notes, finance capital, and funds are all in the hands of KMT-run businesses and in which the KMT has surprisingly not relinquished control over the establishment of banks, how can anyone dream that Taiwan will be able to take the place of Hong Kong in 1997 to become an Asian (or world) financial center?

2. Political Abuses

A political party is a group whose goal is the realization of a political ideal. By rights, it should include a group of members who share common political ideas. However, the huge party-run businesses of a powerholding party that has monopolized political resources for a long period of time can gradually ruin a political party's character by attracting members whose aim is to secure personal economic gain, and who will adjust political policies to their own economic interests. Thus, they are unable to give expression to political ideals. Ultimately, they are bound to be unable to stand competition politically and will resort to unscrupulous methods, with the result that democratic government will become impossible.

In discussing interaction among relatives within a family, economists apply a so-called rotten kid theory, by which is meant that if children possess no innate sense of duty to their parents and so long as the parents are the effective distributors of resources—meaning that the parents give the children more than the children give the parents—for their own benefit, the children will behave dutifully toward their parents (see Becket, 1981, p 183). This is because unless the children are obedient, the result may be disadvantageous for them. Only by devising means whereby the whole family benefits most can their own benefit be greatest. Such dutiful behavior on the part of rotten kids requires no policing, and it does not matter whether their filial conduct stems from genuine or sham feelings. So long as the result of their behavior is visible, the children will not do anything in an effort to gain a little for themselves that hurts the family more.

When this theory is applied to relations between the KMT Central Committee and KMT members, it produces the "rotten party member theory," meaning that so long as the KMT Central Committee is the effective distributor of resources, for their own good, even KMT members who are fed up with the KMT will act unswervingly loyal out of their own interest. However, for a political party to become an effective distributor of resources, it must possess huge and inexhaustible financial resources. The political contributions on which most political parties rely for financial resources can hardly permit the party Central Committee to use financial resources as a means of controlling the actions of party members. However, two methods may be used to obtain sufficient financial resources: One is for the party treasury to be able to tap the national treasury under the pretext that since it is tax money that the people of the whole country have paid, naturally it can be used as a backstop for a single party to control the wealth of some influential party members. The other way is to permit the party to operate businesses that control rich profits as a means of gaining a never-ending source of wealth.

According to the "rotten kid theory, party-run businesses will become an effective tool for coalescing party members who will not even require supervision. Because the economic interests of the entire party are identical with the interests of individual party members, party members will

not do anything detrimental to the party's finances. However, this kind of use of party businesses to coalesce party member has three serious faults as follows: One is that it hurts the quality of the political party's government administration; second, it worsens the character of the political party itself; and third, it prevents government from becoming democratic.

For a powerholding political party to run huge profitable businesses is rather like the member of a ball team serving concurrently as the referee. The conflict of roles is bound to influence the quality of decisions. When political ideals and economic interests clash, to one degree or another, certain political ideals are sacrificed for the party's financial interests. This is the consensus of economists, and it is a natural trade-off when people's interests clash. Simply put, when the mathematical effectiveness function for a political party contains political ideals and economic interests at the same time, except for corner solutions reached without regard for economic interests, the political ideals that political party effectiveness can realize are, at best, bound to be less than might be attained without party-run businesses.

Since party members are held together by interests, the result will be difficulty in attracting party members who are intent on the pursuit of political ideals. Moreover, since the political party employs economic interests to control party members, within the party authority may tend toward a dictatorial "inner party" (that controls and distributes party assets).

Since the profit-making businesses of the powerholding party derive from its privileged monopoly on profit making, in order to maintain economic benefits, "power holding" becomes an indispensable requirement. As a result, various "unaffordable" abnormalities may come about in the course of political jockeying. In order to insure powerholding authority, tremendous economic advantages may be brought to bear to retaliate against political competitors (the use of bribery in elections, for example). Party-run businesses and government policies may be used to control and collude with large enterprises in the construction of relationships that hurt the common good for the sake of mutual support and mutual protection. The financial resources that are divided up have to be derived from the public, which is the largest part of the population, and this cannot be done without further controlling "public opinion." In this process, the rotten party member theory can produce "rotten tycoons," "rotten intermediaries," etc. Thus a time of democratic government in which political parties operate under checks and balances will never occur.

Summary Conclusions

Inasmuch as power and money are inseparable, although political parties are political organizations, their complete exclusion from economic activity is unavoidable. Nevertheless, political parties cannot run businesses in an unbribed fashion. Otherwise, they will distort the essential character of political parties in seeking political ideals, will not serve to change the rules of the game in the political marketplace, and will evade the test of public opinion. Viewed against data presently obtainable around the globe,

the range of businesses being run under the KMT banner is an anomaly among non-communist countries or non-communist political parties, and even communist countries or parties also have to regard them as a "large big brother." Most controversial is that since their inception, KMT-run businesses have been founded on a dubious relationship between the party and the state. Popular condemnation of the national treasury as being virtually synonymous with the party treasury has been frequently leveled, but the matter has never been laid to rest. Although KMT prohibitions have now crumbled under a

tide of public opinion, KMT blocs that control shares long ago developed into an all enveloping nine-headed serpent that grows a second head whenever one head is cut off. It poses a threat whose use against any competing political party would certainly be difficult to resist, and it casts a huge shadow over democratic government in Taiwan. Even as regards the KMT itself, the KMT-run businesses might be willing to stoop to anything regardless of the consequences, benefiting for a time but gradually declining and regretting their action for the rest of their lives. [passage omitted]

NTIS
ATTN PROCESS 103
5285 PORT ROYAL RD
SPRINGFIELD VA

2

22161

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.